Unemployment Insurance Review

April 1968

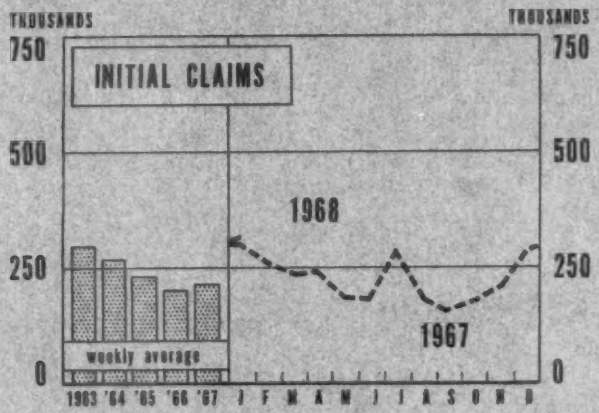
In this issue

- UI System Responds to Manpower Program Needs
- MDTA Payment Procedures in Texas
- MDTA Payments in Cleveland AIM Program
- MDTA Advance Payments in Washington State
- UI Financial Developments

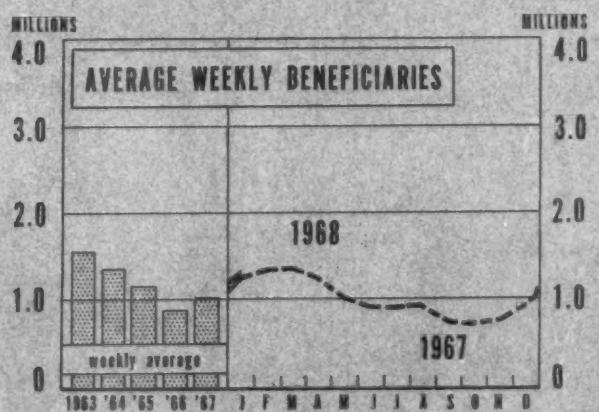
UNITED STATES DEPARTMENT OF LABOR
Manpower Administration

UNEMPLOYMENT INSURANCE ACTIVITIES

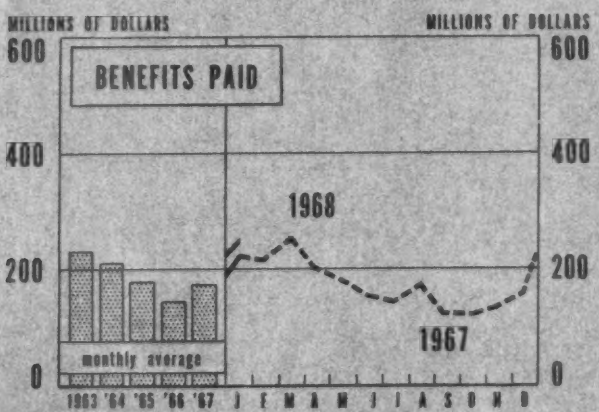
UNDER STATE PROGRAMS



Initial claims under State programs averaged 315,700 per week in January—37,700 above the volume in December. Except for January 1967, when the average was 300,200, this was the lowest figure for the month since 1956.



In January, the average weekly number of beneficiaries rose to 1.3 million from 941,500 in December. This was the lowest figure for any January in 11 years, except for 1967 when beneficiaries also averaged 1.3 million.



Benefits paid to insured jobless workers under State unemployment insurance programs totaled $248.5 million in January—56 percent above December, and 11 percent more than in January 1967.

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U.S. DEPARTMENT OF LABOR
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CONTENTS

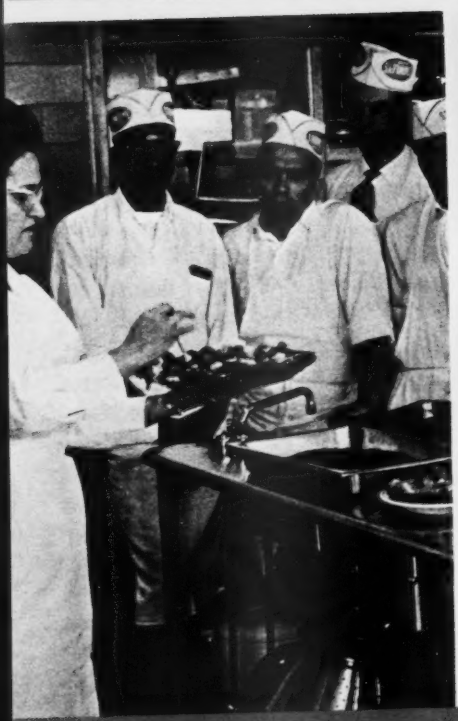
ARTICLES

UI System Responds to Manpower Program Needs..... 1
MDTA Payment Procedures in Texas..... 3
MDTA Payments in Cleveland AIM Program..... 6
MDTA Advance Payments in Washington State..... 10
UI Financial Developments..... 12

DEPARTMENTS

Unemployment Insurance Decisions..... 17
Trends in the Economy..... 19
Insured Unemployment..... 23

Summary Statistics:
Tabulations..... 27
Charts..... Cover 2, 21, 25
Maps..... 24



In this issue three State employment security agencies describe recent experiences in the payment of training allowances under the Manpower Development and Training Act, as amended. In Texas a labor mobility project assists migrant workers; in Ohio disadvantaged residents of the inner-city poverty area are taught how to find and hold a job; and in Washington a system of advance payments aids trainees to complete training they might otherwise be forced to forego. Although there is a wide variety of training programs throughout the States, each State through use of its UI administrative machinery has successfully adjusted its procedures to pay allowances under training programs which meet their local training requirements and situations.

UI System Responds to Manpower Program Needs

A PREFATORY NOTE

Ola M. Reeves

During the more than 30 years that the Federal State unemployment insurance system has been in operation, it has been called upon to serve as the medium for the administration of a number of federally sponsored temporary income-maintenance programs. Following World War II there were the Servicemen's Readjustment Allowances (1944–50); Reconversion Unemployment Benefits for Seamen for members of World War II Merchant Marine (1946); and Unemployment Compensation for Veterans (1952–56) for unemployed Korean war veterans. There followed the programs for the recession periods—the Temporary Unemployment Compensation (TUC) program of 1958, and the Temporary Extended Unemployment Compensation Act (TEUC) of 1961. To these were added two permanent programs—Unemployment Compensation for Federal Civilian Employees (UCFE) in 1955, and Unemployment Compensation for Ex-servicemen (UCX) in 1958. The State agencies have also been called upon to act as agents in the payment of assistance allowances to workers whose employment has been affected by the removal of trade barriers as provided under title III of the Trade Expansion Act of 1962, and under the provisions of the Automotive Products Trade Act of 1965. All these programs both temporary and permanent have demonstrated the practicability of the use of the State employment security agencies as agents of the Federal Government in administering these benefits.

For the past 5 years the Federal-State system has been participating in the program for payment

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of training, subsistence, and transportation allowances to individuals enrolled under the Area Redevelopment Act (ARA) of 1961 and the Manpower Development and Training Act (MDTA) of 1962 as amended. And now is an appropriate time to take a look at how the UI system's machinery is performing this function and to consider its record to date in making these training payments.

The requirements upon the UI system made by these training payment programs started out in low-key with ARA. Eligibility conditions were limited and the number of weekly payments was not large.

When the Manpower Development and Training Act came into the picture, the volume of actions mounted. Entitlement and eligibility conditions multiplied. Service to the disadvantaged became predominant, and the effort to provide enrollees with needed funds more and more rapidly was increased. Payments in programs providing incentive and motivation to the disadvantaged became more insistent and were accelerated. In February 1966 a study showed that more than 90 percent of the trainees were receiving the allowance payments within 7 days following completion of the week of training for which the payments were due.

Since too many of the hard-core unemployed were not being reached or were not being held long enough to become a part of the program, this record was not considered to be good enough. It was desirable to demonstrate to those trainees that their needs would be met by nearly "instant money."

A number of steps have been taken since February 1966 to hasten the payments made to individuals enrolled in the various programs devised under MDTA.

First, a look was taken at the definition of "week." With some notable exceptions, occasioned by conflict with State laws, a week for MDTA training allowance purposes now ends with the close of the week's last training session. This permits the trainees and the training facility to complete necessary weekly payment certifications before leaving for the weekend and speeds the payment process by taking advantage of mail delivered over the weekend to the training payment unit in the State agency's central office.

Next, all entitlement forms are required to be routed directly from the selection and referral officer to the training payment unit to permit completion of necessary records and payment controls. Thus, first payments are scheduled as promptly as subsequent payments.

With changes in the act in 1966, a system for advance payments was installed. If a prospective trainee has urgent personal needs that may interfere with his ability to accept training, the selection and referral officer may authorize an advance allowance at the start of the training to meet these needs as well as advances for subsistence and transportation to permit acceptance of training outside the commuting area of his regular place of residence.

Arrangements may be made also for advances during his training program to meet urgent personal needs that may threaten to interrupt his training. Imprest funds may be provided to the facility for this purpose or advances may be handled by special arrangement through the training payment unit.

As a result of these concentrated efforts, recent reports indicate that the percentage of payments made within the week following the training week for which the payments are due is considerably more than 95 percent of all payments being made, including first payments.

In the Concentrated Employment Programs (CEP) and the Employers' Involvement Program (MA–1), the allowance payments and the manner in which special needs of the disadvantaged are being met add further to these accomplishments. The UI system demonstrates daily its ability to meet the extraordinary demands placed upon it by the various manpower programs.

With the commitment to solution of hard-core unemployment geared to individual situations and with the sense of urgency needed to do that job, the Federal-State UI system is prepared to handle expansion of these programs.

The experiences of the State agencies described in the following articles illustrate how well the system can respond to and satisfy the expanding requirements of the manpower programs.

MDTA

Payment Procedures in Texas

Candelario P. Garcia and Richard W. Hatton

The plight of a large number of migrant workers in the Rio Grande Valley and several border communities where opportunities are limited has given concern to Texas for a number of years. Recent efforts to relocate 1,000 migrant families have placed new demands on the Texas Employment Commission's machinery for paying allowances under the Manpower Development and Training Act (MDTA). However, these additional functions have not required any changes in the payment machinery as organized in the Texas agency.

Not long ago the demand for Texas migrant workers seemed permanent and insatiable. In recent years, mechanization of many farm operations (especially cotton picking) cut deeply into the demand for the hand labor Texas migrants had long provided. Job opportunities for Texas migrants, however, continued for several years because of an increasing demand for vegetable hoeing and harvesting in several Midwestern States. But now the development of weed-killing herbicides and vegetable harvesting machinery threatens to reduce even this source of employment for the Texas migrant both at home and away. Unskilled and undereducated, he faces a bleak future. For example, the unemployment rate in Cameron County in the busy month of January 1968 was estimated at 5.2 percent, in Webb County at 12.2 percent, and in Hidalgo County at 6.7 percent.

Efforts by the Texas agency to relocate seasonal workers have met with little success. Being mobile, these people tend to drift back "home" to the Rio Grande Valley with very little encouragement. "Former efforts were not definite enough to prove one way or another whether these people would relocate if given the proper motivation and employment assistance," Harrell Townsend, the agency's Chief of Special Programs explained recently. "The Texas Labor Mobility Project therefore presented the first real opportunity to determine the feasibility of relocating migrant workers from the labor-surplus Rio Grande Valley to manpower-short areas of Texas."

Mr. Garcia is MDTA Payment Unit Supervisor and Mr. Hatton, Placement Specialist, Texas Employment Commission.

Texas Labor Mobility Project

The Texas Labor Mobility Project submitted by the Texas Employment Commission (TEC) was approved and funded by the U.S. Department of Labor's Office of Manpower Policy, Evaluation, and Research in August 1967. Goal of the project

is to relocate 1,000 families. The project is making use of four special "vehicles":

The first vehicle is the Texas Adult Migrant Education and Manpower Training Joint Project. Designed to train approximately 2,000 south Texas migrants in adult migrant education courses under the auspices of the Federal Office of Economic Opportunity and the Texas Education Agency, this project combines basic education with skill training under MDTA machinery. Projects for 720 trainees are currently underway, 16 others for 340 trainees are approved but not yet funded, and 16 projects for 360 trainees are in the developmental stage. Many of these trainees will become candidates for relocation in the Texas Labor Mobility Project. At the present time eight families have been relocated from Eagle Pass to Beaumont to work as welders in the shipyards.

The second vehicle is in Laredo. The Texas Employment Commission is engaged in the manpower phase of a program for some 330 welfare recipients and potential recipients under title V (Work Experience Programs) of the Economic Opportunity Act of 1964. The purpose of these programs is to expand the opportunities for constructive work experience and other needed training available to persons who are unable to support or care for themselves or their families. In carrying out this purpose maximum use is being made of the programs available under MDTA and the Vocational Education Act of 1963.

A third potential vehicle as yet unused is relocation to east Texas, where the woods and logging industries are expanding. This vehicle is still in the exploratory stage.

The fourth and by far the most significant vehicle of the Texas Labor Mobility Project is a coupled MDTA–OJT (on the job training) project. This vehicle grew out of discussions between the agency's Special Programs Chief, and officials of the Ling-Temco-Vought Aerospace Corp. of Grand Prairie. The bulk of the relocation to date has been centered around this project. In October 1966 Ling-Temco-Vought was asking for possible solutions to its manpower shortages in the Dallas-Fort Worth area, and the Special Programs Chief saw the possibilities of linking this manpower shortage to the Texas Labor Mobility Project then in the preliminary planning stages. The agency, convinced that linking the shortage with the high unemployment in south Texas would provide the framework for a successful mobility project, then directed the Special Programs staff to prepare proposals linking the two.

The MDTA–OJT project is being accomplished in two phases—an institutional phase and an OJT phase—Special Programs Chief Townsend explained:

"The LTV coupled MDTA–OJT project is unique in that the institutional portion of this training program is being conducted in the Rio Grande Valley while the OJT phase is being conducted in Ling-Temco-Vought's Grand Prairie facility." Three different school districts in the Rio Grande Valley are sponsoring the 5-week-long institutional phase of the sheet metal assembly training. A total of 750 people are expected to be trained in sheet metal assembly skills. Upon completion of the institutional phase, the trainees go to Grand Prairie to complete their training in the OJT phase. Trainees are assigned to training sections which are staggered so that 15 families move each week. Townsend pointed out, "Up to now, a total of 354 families have relocated with only 11 returnees, and we feel that the close coordination between the State central office and the local TEC offices in the supply and demand areas accounts for much of the success of the project."

In addition to its regular responsibilities for recruiting trainees for the MDTA projects and paying them training allowances, the Texas agency has assumed the responsibility of supplying supportive services to relocating families, including assistance in finding housing arrangements. During the formation of each training section, a housing form is completed for each trainee in the section to determine the type of housing he desires. This form is sent to the TEC office in the demand area so that suitable housing will be available for the trainee and his family upon arrival. A moving company is available to transport the household goods of trainees desiring the service.

During the fourth training week, formal requests for relocation allowances are prepared by trainees. (A preliminary determination is made earlier to expedite the procedure.) Requests for relocation allowances are transmitted from the TEC office at the training site to the MDTA Payment Unit in the Texas agency's central office for final processing.

Payment Procedures

Once approved, one-third of the allowance to which the trainee is entitled is mailed to the TEC office nearest the training site. During the fifth week of training, the trainee is given the allowance to cover expenses incurred in transporting his family to the demand area. The second one-third of the allowance is mailed to the TEC office in the demand area and given to the trainee upon his arrival so that he can make housing and utility deposits. Since it will be 2 weeks from the date of arrival before the trainee receives his first paycheck from the employer, the third payment is given to the trainee 1 week after his arrival to tide him over. This is the last payment made to him by TEC.

Upon his arrival in the demand area, a representative of TEC meets the trainee, takes him to his new home, directs the moving van, points out shopping centers, medical facilities, schools, and churches, and may also arrange for transportation to the job. Ling-Temco-Vought then cooperates in assisting the relocated family to adapt to its new environment.

The 8-week OJT phase of training begins when the employee goes on the Ling-Temco-Vought payroll at $2.50 or more per hour. The fact that only 11 of 354 trainees have returned to south Texas attests to the success of the project and its growing popularity.

"I thought when the project began we would have trouble finding families willing to relocate," a TEC interviewer in a south Texas office said recently. "Now I wonder if we will have slots for all the families wanting to go."

So far the results have certainly been gratifying, but the ultimate success or failure of the project will not be known for several years. Only then will we know how many families were lured back to the sunny valley by the milder climate and the magnetic attractions on the other side of the Rio Grande.

Payments Under Other Projects

Other projects which make use of MDTA payment machinery are the Concentrated Employment Programs (CEP) in Houston and San Antonio. With two training facility sites in San Antonio and one in Houston, an on-site payment procedure was first considered. After considerable thought, however, it was decided that establishing on-site payment machinery would be too expensive.

The decision was made to make all CEP training allowance payments through the agency's central office MDTA Payment Unit. Under the system devised, the local office referring an individual to CEP training transmits referral forms to the MDTA Payment Unit no later than the Wednesday prior to the beginning of training. After establishing payment records for the trainee, the unit prepares an advance payment for the first week of training and sends it to the selection and referral officer in the local office involved.

On the first day of training (always on Monday), the selection and referral officer delivers the checks to the training site and issues them to trainees. By Wednesday of this week and all subsequent weeks, the selection and referral officer teletypes the payment unit information concerning absences, compensated hours and earnings, terminations, if any, for each class.

On the basis of this information, checks are issued and mailed to the selection and referral officer for instant payment on Fridays of the same week. Checks issued in the wrong amounts are returned to the payment unit for cancellation and replacement. Overpayments not caught before checks are issued are deducted from next week's check to that individual.

An almost identical payment procedure is used in the Ten City Project being conducted in Houston. The single exception is that the first week's payment is paid out of a petty cash fund set up by the training facility, the Northern Systems Co.

Conclusion

Throughout all of these projects, the payment machinery established in the Texas agency to pay MDTA training allowances has functioned smoothly. Payments have been made promptly with a minimum of clerical detail and few problems. The Texas agency is convinced that the central payment unit has many advantages over on-site checkwriting and payment procedures.

MDTA Payments in Cleveland AIM Program

Richard A. Flore

Early in April 1967, a concentrated employment program for the hard-core unemployed was established in the Cleveland area. This was the first of such programs to be started in 19 cities throughout the country and known as Action in Manpower (AIM). The purpose of the program was to teach the disadvantaged residents of the inner-city poverty area the necessary techniques for obtaining and holding a permanent job.

The goal was to enroll some 3,500 individuals in a 2-week training course during the initial 1-year effective period of the program and, at the conclusion of that period of training, to place into permanent jobs at least 2,000 of the trainees. The trainees were to be both men and women, ages 18 to 35; however, a major effort was to be directed to selecting men whose prospects for entry into the job market without special assistance were very limited.

Tied in with the program was an all-out effort to obtain local employers' support for the program by making jobs available to the trainees at the completion of the program and to supply some additional funds for miscellaneous purposes where Federal funds would not be available.

At the initial meeting between the officials of the AIM Job Center and the Ohio agency's Manpower Development and Training Act (MDTA) payment unit personnel, representatives of the Cleveland regional office of the Bureau of Employment Security and the Manpower Administration were present. This first meeting resulted in the following items of understanding:

1. A local MDTA payment unit would be established in the AIM Job Center. (All other payments are made from the agency's central office.)

2. An advance payment would be made on the first day of training and on Friday of each week to all trainees eligible for MDTA allowances.

3. Existing MDTA allowance procedures, policies, and forms would have to be followed in determining entitlement to allowances.

4. It was agreed that the Ohio agency, within the requirements of the Federal MDTA allowance provisions, would adjust the operations of the local payment unit to fit the operation of the training center.

5. May 22, 1967, was identified as the tentative starting date for the program.

6. In order to establish a channel of communication, it was agreed that, in organizing the school, the school officials would work with the representatives of the Manpower Administration and any questions or items involving allowance pay-

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ments would be passed on to the BES regional office and in turn to the Ohio agency.

Payment Procedure Plan

Without any prior experience to draw on, the original plan was necessarily tentative and subject to revision. The school officials were still in the process of formulating their training plans, since this was to be the initial program of this type in the country. As expected, a number of meetings were held and there were a number of changes that required adjustments in the procedure being developed for the operation of the local payment unit.

Immediately following the initial meeting it was determined that all payments would be made by check and that on the day of the payment the school would arrange to have a check cashing service available for the trainees. The cost of this service would be paid for by the school.

After reviewing various methods of writing checks in a small local payment unit, it was concluded that the agency purchase a check protector and signer. This is a small portable machine that writes the amount of the payment on the check, punches the amount in a punchcard check and then dates and signs the check. With this type of machine, it is necessary to type the payee's name and social security number on the check. In order to make the checkwriting procedure of this local payment operation compatible with the agency's central office payment system, it was determined that a three-part punchcard check be used with the check number prepunched and prenumbered and special prepunching to indicate it was an AIM project allowance check. The second part of the check pack (not punchcard stock) is retained as a part of the record of the local AIM payment unit. After the check is detached, additional information, such as type of payment, is written on this copy. The third part of the check pack is sent to the central office at the end of each day.

On receipt of this copy in the central office, the additional information is typed and written on the check and first copy and is punched into the card. This punched card is used to maintain a record of payment for each trainee and to make the necessary monthly fiscal and statistical MDTA reports to the BES. The check issued to the trainee contains sufficient punched information to permit it to be processed through the Ohio agency's regular check reconciliation procedure. Because the training program was to start in about 5 weeks after our initial meeting, we had to make special arrangements with the manufacturer of the checks and checkwriting machine in order to have these items available when the training started.

It was determined that a $10 advance payment for transportation and lunch cost would be made at the end of the first day of training to all trainees eligible for allowances. A trainee would receive subsequent advance payments; however, he would have to apply for the advance through the school and have his request approved by the school. Each Friday, at the conclusion of training each eligible trainee would be issued a check to cover his training and transportation allowance for that week less any advances made during the week and any unexcused absence for the week.

Training Facility Picks Trainees

Another agreement reached with the training facility was that they would be responsible for the final selection of all trainees and that the selection would be made in cooperation with a number of community agencies. The personnel of the Ohio agency's local AIM project payment unit would be responsible for completion of the necessary forms (ES–950 series) and for determining the trainee's entitlement to allowances. It was further agreed that school officials would be responsible for bringing the trainees to the payment unit for completion of the forms during the week prior to the first week of training. The trainees would be brought in in accordance with an agreed schedule so there would be a minimum of waiting time for the prospective trainees. Between the date the forms were completed and the following Monday when training was to start, the local payment unit would make any necessary investigation and determine entitlement. This would include a check with the agency's central office MDTA payment unit for prior MDTA training disqualification, the number of weeks paid, overpayments, and other information or possible receipt of public assistance which may affect the determination of eligibility for allowances. In regard to public assistance, it was anticipated that a high percentage of the trainees would be receiving these payments; therefore, a series of meetings was scheduled with the local welfare department to develop a procedure for quickly verifying such payments.

Prior to the start of the program, we were informed that the Secretary of Labor had deter-

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mined, in accordance with section 203(c) of the MDTA, that in the concentrated employment programs, where we are trying to reach individuals with total income (in most cases) at or below the poverty level, training allowances are necessary for members of a family or household whose head is employed, in order for such individuals to undertake and to continue in the training. However, such individuals must meet all the other requirements under the act in order to be eligible for regular allowances. It was also agreed that: (1) All trainees were considered disadvantaged and therefore eligible for full amount of transportation allowance; (2) a tentative determination of entitlement would be made for all trainees no later than the date they entered training even though all the necessary investigation had not been completed. The determination would be made based on the information supplied by the trainee on the entitlement questionnaire forms. If the final determination resulted in a denial of or reduction in training allowance, an overpayment was to be established and the agency procedure for collecting overpayments was to be followed in such cases.

Agency Staff Requirements

The personnel to staff this unit were selected from existing staff of the various Cleveland UI claims and Employment Service offices. On May 1, these employees were assigned to the central office MDTA payment unit for 2 weeks of intensive formal and on-the-job training in the completion of the forms used in the process (ES–950 series), and the procedure for determining entitlement to training and transportation allowances. Immediately prior to the start of the training, all employees were given 3 days of formal training at the AIM jobs training center covering the procedures that would be followed by the local payment unit.

Physical Facilities

The AIM jobs training center was located in a large one-floor building in the near downtown area. The building had been occupied by an automobile agency. The school partitioned the large open area in the rear into classrooms, offices for the school staff, and a room for the payment unit. An agreement was reached with the school as to the size, location of the payment room, and to providing adequate door locks to safeguard the unit's supplies and equipment. The proposed remodeling was scheduled for completion prior to the start of training; however, the actual completion did not occur for about 2 months after the training started. During this 2-month period, the payment unit was shifted from one location to another and at times operated under difficult conditions. However, lines of communication and cooperation between the school and the payment unit have always been very good because of everyone's desire to make the project succeed in accomplishing its goal.

The Payment Unit at the Cleveland AIM Project.

Making Payments

In connection with the payment of allowances, a copy of the Referral Notice (Form ES–950–B) is turned over to the school as soon as the form is completed. On the Monday that starts a new training cycle, the school returns this form to the payment unit and it is used as the basis for preparing the $10 advance payment check that is passed out to the trainees at the end of the day. On Thursday of each week the payment unit gives the school a single copy of the Weekly Request for Allowances (Form ES–952) with the heading completed for each trainee in school. On Friday morning of each week the first classroom activity for the trainee is to complete his portion of this form after which the school instructors complete their certification including information as to days absent and whether the absence was excused. The school returns the forms to the payment unit by 10 a.m. There the amount of payment is computed and the checks are prepared. Starting at 3:30 p.m. the trainees report to the payment unit in accordance with an established schedule and present their identifications to claim their checks.

6 Months in Operation

The initial procedure as developed and described above for the operation of the payment unit has proved sound and much of it remains unchanged. The central office field supervisor and the supervisor of the unit were given broad authority to adjust the operation in order to accomplish the purpose of the payment unit.

In planning to staff the payment unit, it was recognized that the workload of the unit would vary from day to day. For example, there would be less work on Tuesday, Wednesday, and Thursday, when there were very few checks to prepare, and every other week there would be less work because very few new trainees would require forms to be completed. On offdays, the extra staff were reassigned to their original office and the school was billed only for the time spent in the payment unit.

Since the start of training, the number of permanent staff assigned to the school has been reduced and very little supervision is required from the central office MDTA payment unit.

Stipend for Trainees Ineligible for Allowances

Prior to the start of training, it was estimated that less than 10 percent of the selected trainees would not be eligible for an MDTA training allowance. It was the school's desire to try to find some source of funds that would make it possible to provide such individuals a weekly stipend. When the training started it was determined that there would be no other Federal funds available for such purposes and private funds were collected in the Cleveland area to meet this need. Actual experience, however, has established that about 95 percent of the trainees are eligible for the MDTA training allowance. The payment unit furnishes the school the identification of the trainees who are not entitled to a training allowance. In addition, an arrangement has been made with the school to have such individuals complete a Weekly Request for Allowances (Form ES–952) each week and the payment unit computes the amount of training allowance that the individual would be paid if he were eligible. This is then passed on to the school and they prepare the stipend check in this amount for the trainee.

During the first 6 months of operation, approximately $150,000 in allowances have been paid and the present weekly enrollment averages 225 trainees. From almost all standpoints it would have to be concluded that the operation of the local payment unit has been a success, and the operation has experienced a minimum of problems.

MDTA

Advance Payments in Washington State

Fred Reisch

In 1962, when Congress enacted Public Law 87–415 establishing the Manpower Development and Training Program, individuals referred to training, but in need of financial assistance in order to report for training, were eligible to receive advance amounts on their subsistence or transportation allowances. However, no assistance was available to the trainee who encountered unanticipated financial difficulties during training.

As recruiting was expanded to disadvantaged groups through community action and outreach programs, it became apparent that a new type of problem had to be solved: That of the trainee who drops out because of the lack of small sums of ready cash. For example, a $3 radiator cap for the car could cause a trainee to drop out if the purchase was made from funds needed for gasoline to drive to the training facility.

The employees of one local office of the Washington Employment Security Department partially solved this "dropout" problem by voting to establish a revolving fund from their coffee fund profits. Trainees in need of small amounts of money signed notes agreeing to repay the loans. In some cases, individual instructors made personal loans to trainees. These, of course, were stopgap measures and did little to alleviate the total problem.

Since the original enactment of the Manpower Development and Training Act, Congress has amended the program several times. The addition, in 1966, of section 203(j) made it possible to provide immediate financial assistance to those persons in training who unexpectedly needed money.

Mr. Reisch is MDTA Payment Unit Supervisor, Washington Employment Security Department.

Allowance Payment Unit

In the Washington agency, the responsibility for making all payments under any program other than unemployment insurance is centralized in the Allowance Payment Unit of the Benefit Division. This centralization of responsibility and control made it possible to begin payment of advances within a month of the receipt of the Federal Bureau of Employment Security releases authorizing such payments. Training facilities were contacted to determine their interest in the advance payment program, and as a result, advance funds were established at almost all such facilities in the State. Initially, a warrant was forwarded to each training facility to establish a bank account on which checks for individual trainees could be drawn. Additional funds are requisitioned by the training facility when the account is depleted. Most banks handling such accounts have waived the banking charges as Federal funds were used.

Advance Account System

At the training facility, a trainee explains his problem to the authorized certifying officer who determines whether a real and pressing need exists. The trainee completes an "MDTA Trainee Advance Payment Request" showing the amount re-

quested, the purpose for which it will be used, and the amount he authorizes to be deducted weekly from his allowances until the advance is repaid. This amount must be sufficient to clear the advance by the time training is completed. The certifying officer and the trainee sign the request which is attached to the next Weekly Request for Allowances for the trainee. The advance is issued immediately in the form of a check made out to the trainee and signed by the authorized certifying officer.

On their receipt in the Allowance Payment Unit, the weekly requests for allowances and the advance payment requests are reviewed for completeness and accuracy, and the amount of the advance is entered on the Weekly Request for Allowances and coded with a letter or a number indicating the type of allowance payment against which the advance is made. The allowance record card, on which a complete record and history of the claim is maintained, is posted to show the advance and the deduction authorized, and is "flagged" by the attachment of a black card so positioned that it shows above the top of the allowance record card. Each week, a running balance of the advance account is posted on the record card and when the advance is repaid in full, the black card is removed.

The advance payment request is next routed to Project Control, the bookkeeping section of the Allowance Payment Unit. The Weekly Request for Allowances is sent to the Data Processing Division for preparation of a warrant to be mailed to the trainee. Through the use of electronic data processing procedures the amount of the advance is deducted from the appropriate training project and entered on a weekly warrant register which is sent to the local office serving the training facility. At the end of each month, the training facilities submit statements of their accounts which are balanced against Allowance Payment Unit figures. The Data Processing Division also prepares a "printout" which is compared with the figures from the training facilities and those of Project Control.

Most Training Facilities Use System

Some of the training facilities were reluctant to administer the advance funds as they felt this program would require additional paperwork and would complicate an already complicated program. Once persuaded to try advance payments, they found the system provided a simple solution to an otherwise frustrating problem. Only one training facility has refused to participate. The advance fund for projects in which this institution is involved is controlled by the local office of the Employment Security Department. The local office procedures are identical with those of the participating training facilities except that the Advance Payment Request forms are mailed directly to the Allowance Payment Unit at the end of the week. They are then processed at the same time as the Weekly Request for Allowances for that week which were mailed by the training facility at the end of the week.

Although training facilities were fully advised about the maximum amounts to be advanced, and the laws, regulations, and procedures controlling them, there were a few instances of misuse of advance payment funds. Most of these instances involved the granting of advance amounts in excess of the trainee's basic training allowance. Prompt contact with the training facility has been effective in resolving these problems.

Occasionally, a trainee finds that he must terminate his training despite the financial aid offered by the advance account system. If there is an outstanding balance on his advance account, it is established as an overpayment and collected in the same manner the agency follows for UI and other overpayments. The overpayment ratio for advance payments compares favorably with the overpayment ratio for other MDTA allowances. Most overpayments have ben resolved by deduction from valid allowance certifications obtained at a later date.

The first advance payment was issued on January 20, 1967, and 854 advances were made from that date through July 30, 1967. The average amount advanced has been $12 per request for a total of $10,262.75. In the first months of operation, advances averaged $1,466.11 per month with an average of 122 requests received monthly.

The advance payment program is as simple and straightforward as the system utilized by many employers to provide for a "draw" against a future paycheck. The administrative costs to the Washington agency and to the training facilities have been negligible in view of the positive results. While some trainees still drop out because of lack of funds, many individuals will owe their future success to the system that helps them complete training when they would otherwise be forced to become just another failure statistic.

Unemployment Insurance

Financial

Developments

FISCAL YEAR 1967

Paschal C. Zecca

On June 30, 1967, unemployment insurance reserves of the 50 States and the District of Columbia and Puerto Rico reached a record total of $10.2 billion, an increase of 13.3 percent from a year earlier (table 1). This amount represented 6.28 percent of taxable wages and 3.46 percent of total wages paid in covered employment for the fiscal year; these compared with the corresponding figures of 5.89 percent and 3.32 percent for the previous year (table 2). The excess of income over disbursements amounting to $1.2 billion, representing the increase in reserve funds for the fiscal year, occurred in spite of the fact that employer tax collections were down and benefit payments were up as compared with fiscal year 1966. The amount of tax collections, which depends on the average employer contribution rate and the aggregate amount of taxable wages, reached $2.9 billion for fiscal year 1967, a 4.9-percent drop from the previous year. This decrease reflected generally lower employer tax rates.[1] Benefit payments for the fiscal year totaled $2.0 billion—up 3.3 percent. Interest credited to State reserve balances in the Unemployment Trust Fund amounted to $370 million, a 26.7-percent increase.

Perspective on these developments requires recognition of the fact that the States varied substantially in their experience. State variations reflect not only the different economic forces operating locally and regionally but also the differences in the State programs.

State Differences

Benefit payments.—Thirty-two States paid out more in benefits in fiscal year 1967 than in fiscal 1966 (table 3). The increases ranged from 0.3 percent in California and Illinois to 79.6 percent in Michigan. Close to one-third of these States (10) experienced at least a 20-percent increase in bene-

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[1] Fiscal year 1966 and 1967 tax collections reflected tax rates (based on taxable wages) of 2.12 percent in calendar year 1965, 1.91 percent in 1966, and an estimated 1.6 percent in 1967.

TABLE 1. SUMMARY OF FINANCIAL ACTIVITIES OF STATE UNEMPLOYMENT INSURANCE FUNDS, FISCAL YEAR 1967 (IN THOUSANDS)

State	Available reserve fund as of June 30, 1966 1/	Revenue during year				Disbursements during year				Available reserve fund as of June 30, 1967 1/
		Total revenue	Contributions collected 2/	Interest earned	Transfers to State accounts 3/	Total disbursements	Benefits paid	Penalties and interest 4/	Transfers out of State accounts 5/	
United States...	$9,003,355	$3,286,712	$2,910,941	$370,106	$5,665	$2,087,995	$1,962,582	$164	$125,249	$10,202,074
Alabama.....	97,369	31,592	27,475	4,049	68	18,857	18,796	--	61	110,104
Alaska.....	15,593	11,146	10,643	436	67	6,710	6,710	--	--	20,030
Arizona.....	68,304	19,379	16,551	2,799	29	11,548	11,547	--	1	76,135
Arkansas.....	35,484	17,412	15,848	1,537	27	11,401	11,397	--	4	41,496
California.....	711,987	593,346	562,064	30,681	601	463,863	462,349	--	1,514	841,470
Colorado.....	65,613	14,839	12,051	2,687	101	9,897	9,897	--	--	70,554
Connecticut.....	224,279	66,368	56,547	9,402	419	28,494	28,467	25	2	262,155
Delaware.....	25,571	6,676	5,483	967	226	7,414	7,414	--	--	24,831
Dist. of Col....	66,500	11,290	8,653	2,637	--	7,284	7,165	--	119	70,507
Florida.....	197,214	39,370	31,269	7,941	160	18,468	18,440	--	28	218,115
Georgia.....	212,259	44,321	35,587	8,713	21	18,029	17,915	--	114	238,551
Hawaii.....	25,507	11,762	10,738	1,012	12	10,340	10,280	--	60	26,929
Idaho.....	33,512	10,051	8,675	1,376	--	7,436	7,436	--	--	36,127
Illinois.....	555,087	88,333	65,958	21,929	446	78,511	78,464	47	--	564,910
Indiana.....	203,172	63,381	53,990	8,613	778	26,574	26,574	--	--	239,979
Iowa.....	119,316	14,675	9,854	4,727	94	9,113	9,113	--	--	124,878
Kansas.....	68,745	19,702	16,764	2,864	74	9,841	9,758	--	83	78,606
Kentucky.....	128,673	30,695	25,457	5,238	--	17,387	17,387	--	--	141,980
Louisiana.....	137,384	40,417	34,549	5,735	133	22,246	22,246	--	--	155,554
Maine.....	36,920	10,746	9,170	1,509	67	7,728	7,728	--	--	39,938
Maryland.....	191,735	47,847	39,928	7,919	--	24,646	24,646	--	--	214,936
Massachusetts...	251,170	144,373	133,360	10,932	81	90,686	90,686	--	--	304,845
Michigan.....	582,049	182,289	161,241	20,613	435	140,168	111,368	--	28,800	624,179
Minnesota.....	31,851	45,765	43,769	1,832	164	22,319	22,263	56	--	55,297
Mississippi.....	68,000	15,175	12,283	2,821	71	7,049	6,811	--	238	76,127
Missouri.....	251,159	46,827	36,687	10,140	--	32,140	31,419	--	721	265,847
Montana.....	19,210	6,532	5,728	782	22	5,598	5,598	--	--	20,143
Nebraska.....	42,461	9,680	7,883	1,724	73	5,934	5,934	--	--	46,207
Nevada.....	28,723	11,217	10,119	1,098	--	12,526	12,526	--	--	27,414
New Hampshire...	33,691	7,475	6,041	1,415	19	2,469	2,469	--	--	38,697
New Jersey.....	335,532	160,712	146,724	13,988	--	111,547	111,538	--	9	384,696
New Mexico.....	35,972	8,237	6,789	1,445	3	6,303	6,198	--	105	37,905
New York.....	1,370,781	445,706	389,717	55,952	37	315,538	315,166	--	372	1,500,948
North Carolina..	258,043	57,239	46,584	10,655	--	24,649	24,649	--	--	290,633
North Dakota....	5,683	5,214	4,953	261	--	4,739	4,739	--	--	6,157
Ohio.....	438,118	176,771	156,756	19,536	479	62,591	61,603	--	988	552,299
Oklahoma.....	52,241	15,468	13,322	2,146	--	10,196	10,196	--	--	57,513
Oregon.....	103,285	37,757	33,426	4,331	--	27,588	27,588	--	--	113,454
Pennsylvania....	494,839	317,247	296,913	20,334	--	186,305	95,834	--	90,471	625,781
Puerto Rico.....	61,606	25,153	22,668	2,479	6	15,985	15,985	--	--	70,774
Rhode Island....	59,096	22,127	19,662	2,465	--	13,216	12,504	--	712	68,007
South Carolina..	105,341	27,103	22,700	4,358	45	13,370	13,350	--	20	119,073
South Dakota....	15,076	2,749	2,138	611	--	1,581	1,581	--	--	16,244
Tennessee.....	123,060	50,681	45,139	5,385	157	23,856	23,854	--	2	149,884
Texas.....	271,678	65,180	53,793	11,188	199	28,065	27,638	--	427	308,794
Utah.....	37,248	12,544	10,850	1,522	172	9,872	9,872	--	--	39,921
Vermont.....	11,021	9,546	8,983	563	--	3,666	3,610	6	50	16,901
Virginia.....	159,410	24,558	17,898	6,465	195	8,906	8,906	--	--	175,062
Washington.....	234,636	71,390	61,465	9,778	147	34,115	34,085	30	--	271,910
West Virginia...	66,403	20,208	17,410	2,769	29	10,376	10,376	--	--	76,235
Wisconsin.....	224,973	64,194	54,906	9,281	7	38,582	38,234	--	348	250,586
Wyoming.....	10,777	4,248	3,781	467	--	2,273	2,272	--	1	12,753

1/ Represents sum of balances at end of month in States' clearing account and benefit-payment account, and in State Unemployment Trust Fund Account in the U. S. Treasury; State Unemployment Trust Fund balance in U. S. Treasury includes amounts credited to States' accounts in the Unemployment Trust Fund under the provisions of the Employment Security Administrative Financing Act of 1954 as amended. Includes outstanding advances from Federal account in Unemployment Trust Fund as follows:

June 30, 1966		June 30, 1967	
Alaska.....	$7,681,043	Alaska.....	$7,424,710
Michigan.....	80,787,298	Michigan.....	71,187,298
Pennsylvania...	74,131,000	Pennsylvania...	- 0 -

2/ Data represent contributions, penalties, and interest from employers, and contributions from employees in three States (Alabama, Alaska, and New Jersey) which tax workers. Adjusted for refunds and for dishonored contribution checks.

3/ Includes amount of reimbursements from the Federal Extended Compensation Account (TEC Act 1961), Manpower Development and Training Act of 1962, and the Temporary Unemployment Compensation Act of 1958 to the Unemployment Trust Fund Account.

4/ Represents penalties and interest collected from delinquent employers and transferred to States' special administrative fund.

5/ Includes funds withdrawn from the Unemployment Trust Fund for administration and for restoration of funds made available to the States in 1958 under the Temporary Unemployment Compensation Act of 1958 (TUC).

fit payments. Of the 20 States reporting lower benefit payments in fiscal 1967, the decrease was less than 6 percent in half the States; in the remaining 10 States, the decreases ranged from 6.5 to 23.0 percent.

Benefit costs based on *taxable* wages in fiscal 1967 varied from 0.33 percent in Virginia to 2.44 percent in Nevada. Taking benefit payments as a percent of *total* wages rather than *taxable* wages provides a more stable measure for comparing program costs. On this basis, benefit costs ranged from 0.19 percent in Virginia to 1.66 percent in Alaska. Cost rates were higher than in the previous year in 16 States. Half of these States had cost rates below the national average of 0.67 percent in fiscal 1967.

Tax collections.—The amount of tax collections in 31 States in fiscal 1967 was lower than in the previous year, with the largest decreases occurring in Illinois (−37.7 percent), Mississippi (−31.0 percent), and Delaware (−29.6 percent). The amount of tax collections depends on the average employer tax rate and the aggregate amount of taxable wages. In the case of Illinois, Mississippi,

TABLE 2. SELECTED FINANCIAL DATA ON STATE UNEMPLOYMENT INSURANCE PROGRAMS, FISCAL YEARS 1966–67

State	Tax base $3,000 except as shown with effective dates1/	Cost rate: Benefits as a percent of--				Reserve ratio: Funds available as of June 30, as a percent of--				Highest consecutive 12-month cost rate during last 10-year period as of June 30, 1966 and 1967 (based on total wages) 2/	Reserve ratio as a multiple of highest consecutive 12-month cost rate during last 10-year period as of June 30 (based on total wages)	
		Taxable wages1/		Total wages		Taxable wages1/		Total wages				
		1967	1966	1967	1966	1967	1966	1967	1966		1967	1966
United States		1.21	1.24	.67	.70	6.28	5.89	3.46	3.32	2.05	1.69	1.62
Alabama		.95	.91	.56	.55	5.54	5.15	3.26	3.11	1.93	1.69	1.61
Alaska	$7,200 (1/60)	2.12	2.24	1.66	1.79	3/6.34	3/5.36	3/4.96	3/4.28	4.33	1.15	.99
Arizona	3,600 (1/65)	1.03	1.27	.63	.79	6.76	6.64	4.16	4.15	1.16	3.39	3.58
Arkansas		1.05	.98	.71	.68	3.82	3.51	2.57	2.43	1.76	1.46	1.38
California	3,800 (1/67)	2.37	2.50	1.41	1.52	4.32	3.86	2.57	2.35	2.26	1.14	1.04
Colorado		.76	.76	.41	.42	5.39	5.26	2.89	2.90	1.26	2.29	2.30
Connecticut		1.00	1.08	.49	.56	9.19	8.36	4.51	4.30	2.87	1.57	1.50
Delaware	3,600 (1/55)	1.36	.88	.72	.49	4.55	4.72	2.41	2.61	1.40	1.51	1.63
Dist. of Col.		.78	.91	.39	.48	7.69	7.50	3.88	3.92	.77	5.04	5.09
Florida		.48	.50	.28	.31	5.65	5.49	3.32	3.33	1.13	2.94	2.95
Georgia		.59	.46	.35	.29	7.86	7.47	4.68	4.61	1.59	2.94	2.90
Hawaii	4,600 (1/67)	1.61	1.15	1.13	.82	4.21	4.23	2.96	3.02	1.85	1.60	1.63
Idaho	3,600 (1/63)	1.68	1.20	1.10	.81	8.15	7.54	5.34	5.10	2.24	2.38	2.28
Illinois		.78	.82	.38	.41	5.61	5.85	2.72	2.92	1.72	1.58	1.70
Indiana		.61	.53	.31	.28	5.55	4.95	2.83	2.60	1.73	1.64	1.50
Iowa		.55	.51	.30	.28	7.53	7.80	4.06	4.35	.97	4.19	4.48
Kansas		.79	.97	.44	.55	6.35	5.96	3.52	3.39	1.37	2.57	2.47
Kentucky		.98	1.05	.57	.62	7.96	8.00	4.69	4.74	2.77	1.69	1.71
Louisiana		.99	1.04	.56	.60	6.91	6.71	3.90	3.89	1.95	2.00	1.99
Maine		1.16	.94	.72	.60	6.01	5.82	3.73	3.72	2.84	1.31	1.31
Maryland		.93	1.02	.51	.57	8.15	7.75	4.42	4.33	2.19	2.02	1.98
Massachusetts	3,600 (1/62)	1.59	1.67	.93	1.02	5.33	4.59	3.14	2.80	2.06	1.52	1.36
Michigan	3,600 (1/63)	1.31	.76	.68	.41	3/7.32	3/7.18	3/3.82	3/3.87	3.69	1.04	1.05
Minnesota	4,800 (1/66)	.64	.80	.45	.48	1.60	1.20	1.11	.71	1.70	.65	.42
Mississippi		.64	.65	.42	.44	7.13	6.80	4.69	4.63	1.97	2.38	2.35
Missouri		.89	.86	.46	.46	7.53	7.55	3.91	4.03	1.26	3.10	3.20
Montana		1.50	1.45	.88	.89	5.38	5.18	3.18	3.16	3.03	1.05	1.04
Nebraska		.73	.95	.42	.56	5.72	5.63	3.28	3.30	.98	3.35	3.37
Nevada	3,800 (4/65)	2.44	2.16	1.54	1.40	5.34	5.51	3.37	3.57	2.75	1.23	1.30
New Hampshire		.45	.47	.27	.29	7.02	6.55	4.22	4.09	1.83	2.31	2.23
New Jersey		1.91	2.00	.93	1.01	6.58	5.97	3.22	3.02	2.63	1.22	1.15
New Mexico		1.18	1.24	.67	.72	7.20	6.88	4.12	4.01	1.64	2.51	2.45
New York		1.81	2.01	.89	1.01	8.64	8.17	4.22	4.11	2.18	1.94	1.89
North Carolina		.68	.66	.44	.43	8.07	7.48	5.16	5.08	1.82	2.84	2.79
North Dakota		2.08	2.39	1.22	1.44	2.70	2.45	1.59	1.47	1.86	.85	.79
Ohio		.70	.70	.34	.35	6.25	5.19	3.02	2.58	2.44	1.24	1.06
Oklahoma		.76	.92	.42	.53	4.28	4.10	2.39	2.35	1.34	1.78	1.75
Oregon	3,600 (1/65)	1.61	1.17	.99	.74	6.62	6.15	4.06	3.89	2.85	1.42	1.36
Pennsylvania	3,600 (1/64)	.85	.92	.50	.55	3/5.52	3/4.56	3/3.23	3/2.76	3.02	1.07	.91
Puerto Rico 4/		1.92	2.22	1.51	1.80	8.52	8.13	6.70	6.57	2.11	3.18	3.11
Rhode Island	3,600 (1/56)	1.41	1.42	.90	.94	7.69	7.02	4.88	4.64	2.97	1.64	1.56
South Carolina		.79	.64	.51	.43	7.08	6.68	4.55	4.45	1.36	3.35	3.27
South Dakota		.67	.87	.40	.53	6.86	6.63	4.07	4.02	1.04	3.91	3.87
Tennessee	3,300 (1/63)	.85	.76	.54	.50	5.31	4.73	3.40	3.10	2.18	1.56	1.42
Texas		.39	.56	.22	.32	4.40	4.24	2.47	2.44	.98	2.52	2.49
Utah	4,200 (1/64)	1.35	1.41	.90	.96	5.45	5.22	3.63	3.55	1.38	2.63	2.57
Vermont	3,600 (1/64)	1.08	1.09	.72	.76	5.05	3.55	3.35	2.48	2.17	1.54	1.14
Virginia		.33	.31	.19	.19	6.41	6.11	3.79	3.71	.97	3.91	3.82
Washington		1.32	1.59	.68	.84	10.49	10.22	5.45	5.44	2.20	2.48	2.47
West Virginia	3,600 (1/62)	.82	.89	.49	.55	6.03	5.52	3.60	3.40	2.63	1.37	1.29
Wisconsin	3,600 (1/66)	1.06	1.03	.61	.57	6.96	7.07	3.98	3.91	1.82	2.19	2.15
Wyoming		1.19	1.24	.70	.75	6.65	5.63	3.94	3.39	2.44	1.61	1.39

1/ Taxable wages are those portions of the aggregate wages in covered employment which are subject to State unemployment insurance taxes. The taxable wage base is the first $3,000 of a worker's annual earnings in all States except 18.

2/ No change in high cost rate as between June 30, 1965, and June 30, 1966.

3/ The reserve on which this ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 1, footnote 1.

4/ Puerto Rico covered under Federal Unemployment Tax Act, January 1, 1961.

TABLE 3. STATE RESERVE RATIO[1] AS A MULTIPLE OF HIGHEST 12-MONTH BENEFIT COST RATE[2] DURING THE PRECEDING 10-YEAR PERIOD, AND PERCENT CHANGES IN DOLLAR RESERVES, TAX COLLECTIONS, AND BENEFIT PAYMENTS, FISCAL YEARS 1966–67

STATE	Reserve ratio as a multiple of highest 12-month benefit cost rate as of June 30, 1966	Percent changes from fiscal years 1966 to 1967			Reserve ratio as a multiple of highest 12-month benefit cost rate as of June 30, 1967 3/
		Reserves	Tax collections	Benefit payments	
Minnesota	.42	+ 74	+ 36	+ 4	.65
North Dakota	.79	+ 8	- 10	- 15	.85
Pennsylvania	3/ .91	+ 26	- 3	- 3	3/ 1.07
Alaska	3/ .99	+ 28	+ 4	+ 3	3/ 1.15
California	1.04	+ 18	+ 8	(4/)	1.14
Montana	1.04	+ 5	+ 1	+ 4	1.05
Michigan	3/1.05	+ 7	- 10	+ 80	3/ 1.04
Ohio	1.06	+ 26	- 18	+ 4	1.24
Vermont	1.14	+ 53	+ 16	+ 7	1.54
New Jersey	1.15	+ 15	+ 2	- 1	1.22
West Virginia	1.29	+ 15	+ 13	- 3	1.37
Nevada	1.30	- 5	(4/)	+ 11	1.23
Maine	1.31	+ 8	- 10	+ 30	1.31
Massachusetts	1.36	+ 21	- 4	- 1	1.52
Oregon	1.36	+ 10	+ 4	+ 40	1.42
Arkansas	1.38	+ 17	- 2	+ 14	1.46
Wyoming	1.39	+ 18	- 8	- 5	1.61
Tennessee	1.42	+ 22	+ 2	+ 21	1.56
Connecticut	1.50	+ 17	(4/)	- 2	1.57
Indiana	1.50	+ 18	+ 10	- 21	1.64
Rhode Island	1.56	+ 15	- 6	+ 4	1.64
Alabama	1.61	+ 13	- 1	+ 9	1.69
U. S. AVERAGE	1.62	+ 13	- 3	+ 3	1.69
Delaware	1.63	- 3	- 30	+ 55	1.51
Hawaii	1.63	+ 6	- 1	+ 49	1.60
Illinois	1.70	+ 2	- 38	(4/)	1.58
Kentucky	1.71	+ 10	- 5	+ 3	1.69
Oklahoma	1.75	+ 10	- 19	- 13	1.78
New York	1.89	+ 9	- 16	- 6	1.94
Maryland	1.98	+ 12	- 22	- 2	2.02
Louisiana	1.99	+ 13	- 2	+ 4	2.00
Wisconsin	2.15	+ 11	+ 15	+ 16	2.19
New Hampshire	2.23	+ 15	- 22	+ 2	2.31
Idaho	2.28	+ 8	- 7	+ 39	2.38
Colorado	2.30	+ 8	- 24	+ 5	2.29
Mississippi	2.35	+ 12	- 31	+ 5	2.38
New Mexico	2.45	+ 5	+ 1	- 4	2.51
Kansas	2.47	+ 14	+ 2	- 13	2.57
Washington	2.47	+ 16	+ 2	- 7	2.48
Texas	2.49	+ 14	- 4	- 23	2.52
Utah	2.57	+ 7	+ 3	- 2	2.63
North Carolina	2.79	+ 13	+ 2	+ 12	2.84
Georgia	2.90	+ 12	+ 3	+ 36	2.94
Florida	2.95	+ 11	- 15	+ 2	2.94
Puerto Rico	3.11	+ 15	+ 10	- 5	3.18
Missouri	3.20	+ 6	- 19	+ 10	3.10
South Carolina	3.27	+ 13	+ 9	+ 33	3.35
Nebraska	3.37	+ 9	+ 4	- 17	3.35
Arizona	3.58	+ 11	+ 15	- 11	3.59
Virginia	3.82	+ 10	- 8	+ 11	3.91
South Dakota	3.87	+ 8	- 4	- 20	3.91
Iowa	4.48	+ 5	- 1	+ 17	4.19
Dist. of Col.	5.09	+ 6	- 1	- 11	5.04

1/ Reserves as percent of total wages.
2/ Benefits as percent of total wages.
3/ The reserve includes the amount advanced from the Federal Unemployment Account and not repaid. See table 1, footnote 1.
4/ Less than 0.05 percent.
5/ No State experienced a change in the highest 12-month benefit cost rate during fiscal year 1967. (See table 2.) Therefore, a State's reserve multiple (reserve ratio ÷ highest cost rate) as between June 30, 1966, and June 30, 1967, moved upward (or downward) solely because their reserve ratio moved upward (or downward).

and Delaware, the large decrease in collections was due solely to lowered tax rates. In Illinois, for example, the average tax rate (for calendar years) dropped to an estimated 0.4 percent of taxable wages in 1967, from 0.81 percent in 1966 and 1.36 percent in 1965. Eight other States experienced decreases in collections ranging from 10 to 22 percent, while in 19 States collections decreased 10 percent or less.

Of the 21 States which showed increases in tax collections in fiscal year 1967, the largest increase (36.0 percent) occurred in Minnesota and the next largest (16.0 percent) in Vermont. The smallest increase occurred in New Mexico (1.2 percent).

The substantial increases or decreases in tax collections resulted from provisions in the State laws for an automatic shift in tax rate schedules or in adjustments to existing tax schedules. For example, Illinois, which experienced the largest relative decrease in tax collections (−37.7 percent), gave its employers, through the automatic provisions in the law, generally lower tax rates because of the lower State experience factor used in its formula. Under its benefit-wage ratio type of experience-rating plan, tax rates change more quickly than under most other plans in effect in the States.

Reserves.—All States except two showed improved dollar balances at the end of fiscal 1967. The largest increases occurred in Minnesota (73.6 percent), Vermont (53.3 percent), Alaska (28.5 percent), and Pennsylvania (26.5 percent). Among the remaining 46 States with increased reserves, the rises averaged less than 10 percent in 18 States and 10 to 22 percent in 28 States. In the two States where reserve balances dropped by the end of the year, the declines were not significant—Delaware (−2.9 percent) and Nevada (−4.6 percent).

The ratio of reserves to *total* wages provides a better measure of reserve accumulation. Using *total* rather than taxable wages permits a more valid interstate comparison because of the different taxable wage bases in effect among the States. (Table 2.) As to be expected, the ratio of reserves to *total* wages varied considerably among the States, ranging from 1.11 percent in

Minnesota to 6.70 percent in Puerto Rico. Most of the States ended fiscal year 1967 with increased reserve ratios. Reserves taken as a percent of *taxable* wages ranged from 1.60 percent in Minnesota to 10.49 percent in Washington. To illustrate the limitation of using *taxable* rather than *total* wages as a base the following comparison may be made. Minnesota's taxable wage base is $4,800, while Washington has a taxable wage base of $3,000. The reserve ratio based on *taxable* wages of 1.60 percent in Minnesota and of 10.49 percent in Washington, therefore, involves different wage bases; consequently the comparison of these two ratios is not completely accurate. To make a more valid comparison by taking *total* wages as a base, Minnesota had a reserve ratio of 1.11 percent and Washington 5.45 percent. This narrows considerably the relative difference of the reserve ratios in these States. In fact, some States have a better reserve position than other States than would be indicated by using *taxable* wages as a base. For example, Nevada's reserves amounted to 5.34 percent of its *taxable* wages compared with 5.61 percent for Illinois. On the basis of *total* wages, however, Nevada's reserves were at a significantly higher level than Illinois—3.37 compared with 2.83 percent, respectively.

Adequacy of Reserve Funds

A measure of reserve fund adequacy is provided by taking the reserve ratio (current reserves as a percent of *total* wages) as a multiple of the highest 12-month cost rate (benefit payments as a percent of *total* wages) during the previous decade. A reserve multiple of 1.5 indicates the minimum adequate reserve level necessary to meet the full cost of a recession.

State reserves on June 30, 1967, representing 3.59 percent of total wages, amounted to 1.75 times the national highest 12-month benefit cost rate (2.05 percent) during the previous 10-year period, compared with a multiple of 1.62 at the end of the previous fiscal period. The reserve multiple of the individual States varied widely. Two States had multiples of less than 1.0, and 13 States had multiples of less than 1.50. This is an improvement from the figures for the preceding year—4 and 18, respectively. On June 30, 1967, 25 States had a reserve multiple of at least 2.00, compared with 22 States previously, while a multiple of at least 3.00 was experienced by 11 States and 9 States, respectively. The following table shows the distribution of States by this multiple for the two periods:

Reserve multiple interval	Number of States as of—	
	June 30, 1967	June 30, 1966
Total	52	52
Less than 1.00	2	4
1.00–1.49	11	14
1.50–1.99	14	12
2.00–2.99	14	13
3.00–3.99	7	7
4.00 and over	4	2

The changes in the distribution was the net result of increases in the reserve multiple from the previous year in all the States except 12. Most of the decreases in the reserve multiple were relatively small.

Status of the Loan Fund

The Federal unemployment account, which is the source of noninterest bearing advances to States with low-reserve funds, had a cash balance of $441,696,796 on June 30, 1967—over $52 million more than the balance at the end of the previous year. Accounting for this increase were (1) repayment of $33,728,975 in loan indebtedness by Alaska and Michigan; (2) interest earnings of $9,516,212 on the total assets of the loan fund; and (3) an excess of $8,898,376 in Federal taxes collected above administrative costs during fiscal year 1967. Other assets in the account were the accounts receivable, representing loans still outstanding. These loans amounted to $44,883,033 (Alaska, $3,695,735; and Michigan, $41,187,298), bringing the total amount of assets in the fund to $486,579,829. Since the total amount initially advanced to the States was $233,765,000, total repayments through June 30, 1967, amounted to $188,881,967.

Unemployment Insurance Decisions*

A Trait of the Trade

California.—The employer reported that the claimant, a taxicab driver, was discharged because, despite warnings, he continually attempted to evangelize customers and engage them in religious discussions; this caused complaints. The claimant denied that he would initiate religious discussions, although he did have strongly religious inclinations. He stated that if a passenger would bring up a personal or world problem such as poverty, he would attempt to answer in terms of religious philosophy. He was sincerely engaged in pointing out to people their "false religious indoctrination and domination."

The referee found that, although the claimant was warned by his employer to cease this approach, he continued to enter into such discussions. The referee held, however, that the claimant was not discharged for misconduct connected with his work; it did not appear that there was a deliberate breach of the duty owed to the employer. "Taxicab drivers," he commented, "are notorious for voicing their opinions on all subjects and the claimant was no exception." (Case No. SJ–3682, affirmed by Appeals Board Case No. 67–5345, Feb. 2, 1968.)

Minimum Assurance

Florida.—In April 1966 the 61-year-old claimant was hired as a night auditor by a motel. When he was initially interviewed for the position, the employer asked him whether, if he accepted the job, he would remain for a reasonable period of time. The claimant had assured the employer that he would remain for a period of not less than 2 years. After the claimant began work, there was no further discussion with management regarding any anticipated job separation. In November 1967, the employer found that a former employee who could perform the duties of a night auditor was available for work. Since the claimant had indicated that he would work for a minimum of 2 years, the employer concluded that there was a possibility that the claimant would be leaving his job during April 1968. Rather than take a chance on finding a new employee at some later date, the employer rehired the former employee and gave the claimant notice that he was being terminated. The appeals referee held that the claimant's leaving was not voluntary, and that he was not discharged for "cause." (Docket No. 67–3834U, affirmed by Board of Review Decision No. 68–12, Jan. 31, 1968.)

For Whom the Bell Tolls

Michigan.—The Michigan Employment Security Act provides that "any loss of remuneration incurred by an individual during any week resulting from any cause other than the failure of the employing unit to furnish full-time regular employment shall be included as remuneration earned" for the purpose of determining the individual's entitlement to benefits. By redetermination of his claim, a Detroit claimant was required to repay benefits received with respect to the week ending July 29, 1967. He had lost 12 hours of work because of the curfew in effect in Detroit during that week. The remuneration lost during those hours, together with his earnings, would have given him excess earnings for the week. The claimant appealed.

The referee found that the claimant reported to his job on the afternoon shift on Monday, and because of the riots

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in the city which had started on the previous day and the absence from work of other individuals, he was sent home. Because of the curfew he was unable to report for work on Tuesday and Wednesday. He reported for work on Thursday and Friday and was permitted to work from 3:30 to 9 p.m., when he was ordered by the employer to leave because of the curfew. The referee held that there was no overpayment of benefits for the week, pointing out that there was no evidence that the claimant's regular work was available to him or that the employer could and would have given him his regular full-time work on the days involved. Rather, it was evident that the plant was closed down for the same reason which compelled the claimant to stay inside his house. The employer was unable to furnish the claimant his regular full-time work because of the curfew which did not permit any of the employees to leave their homes and go to work or to remain at work during the time when the claimant was absent from work. (Appeal No. B67–4927, appeal to Appeal Board dismissed, Appeal Docket No. B67–4927–35944, Feb. 2, 1968.)

Going My Way?

Minnesota.—The 27-year-old claimant was employed as an offset printer in Minneapolis. On a Saturday evening he was traveling in northern Minnesota with three or four companions who during an argument forced him out of their automobile and left him without means of returning home. In his attempt to return to Minneapolis, the claimant was arrested by county authorities and charged with "walking on the wrong side of the highway." The claimant pleaded guilty and was fined $20 plus $4 court costs. Because he was unable to pay that sum, he was put in jail for 5 days. Upon returning to work, he was told that he had been terminated for failing to report for work or to inform the employer how long his absence would be. The claimant was aware of the company rule requiring each employee to contact the employer as soon as he knew that circumstances would prevent his immediate return to work.

The Appeal Tribunal concluded: ". . . Although the tribunal may question the treatment the claimant received by county authorities, it sees no justification for the claimant's failure to contact the above employer by mail as soon as he knew he would miss approximately 1 week of work . . . ." The claimant was held to be discharged for misconduct connected with his work. (Appeal No. 1816–B–67, Dec. 6, 1967.)

Overdrawn

New Mexico.—The bank's stated policy was to allow occasional but not habitual overdrafts by its employees on their checking accounts. The claimant, a switchboard operator in the bookkeeping department, had had overdrafts of $0.97, $2.86, $14.36, and $6.46 during the previous 6-month period. She had been warned once or twice not to let the overdrafts become habitual. Arranging with the bank to obtain a loan of $115 for automobile repairs, she received permission from a bank official to write a check to the garage before receiving the approved loan. Then she entered the hospital for treatment. During her 5 days in the hospital, the bank officials considered the possibility of the claimant's release from employment and rescinded the loan they had previously approved. This caused the claimant's account to be in a state of overdraft for 3 weeks. Two weeks later, when a $10.57 check was not covered by sufficient funds, the claimant was discharged for the overdraft. The bank did not deny that other employees, including the claimant's roommate, were in the habit of being continually overdrawn, but excuses were made for the roommate.

The appeals referee held that the claimant was not discharged for misconduct connected with her work. The referee said that while employers have the right to make reasonable rules affecting the interest of the employer and to expect the employees to comply with the rules, the rules must be reasonable, well defined and known, and uniformly enforced before a technical violation will constitute misconduct connected with the work. Here the rule was reasonable and well known, but violation hinged on a value judgement of whether the overdrafts were "habitual" or "occasional." The rule was not uniformly enforced, and further, the bank itself caused the crucial overdraft when it contemplated discharging the claimant and rescinded its approval of its loan while she was in the hospital. (Appeal No. 767–67–U, Dec. 12, 1967.)

Double Trouble

West Virginia.—The claimant, a block setter, was separated for lack of work. The employer reported that the claimant was offered work 1 week later, but told his foreman that he was employed on a pipeline job at $4 an hour. The claimant denied that he had been offered work or that he had worked on a pipeline, and stated that he was anxious to return to work for the employer. "Due to the claimant's sincerity and lacking knowledge of where conflict of statement originated," the deputy found that an offer of work was not made to the claimant. The employer appealed.

At the trial examiner's hearing, the employer's witness testified that the claimant had said that he was working on a pipeline "when he came to pick up his last check." However, it transpired that it was the claimant's twin brother who had picked up the claimant's last check. The twin brother *was* working for a pipeline company. The employer had not been able to locate the claimant at his home to offer him reemployment because the claimant was "out looking for work." The trial examiner affirmed the deputy's determination allowing benefits. (A. Case No. 67–1433, Dec. 1, 1967.)

Trends in the Economy*

After a vigorous showing in December, indicators of the Nation's economic climate presented a cloudy picture in January. Both industrial output and factory orders for durable goods were off over the month, but housing starts, after dropping sharply in the previous month, climbed to near the high November level. The retail sales volume was one of the brighter aspects of January's picture, moving up by a seasonally adjusted 3 percent to a record high. Personal income was also higher than in the previous month, although the rise was at a slower pace than in December, when a nonrecurring item (retroactive Federal pay raise) was a heavy influence.

Employment developments showed little improvement. Both the civilian labor force and total employment declined sharply with losses in the former outstripping those of the latter. For this reason both the level and rate of unemployment were down. However, the unemployment rate, at 3.5 percent, was at its lowest level in 14 years.

Business Activities

Following 2 successive months of substantial increases, the *index of industrial production* edged down in January by 0.6 point to 161.2 percent of the 1957–59 average. A year earlier, the index stood at 158.2 percent.

Manufacturing output fell to 163 percent of the 1957–59 average from December's 163.7 percent, but remained above November's level. Most of the reduction occurred in the nondurables sector, where production was off by over 1 full point. Much of the loss occurred in the textile, apparel and leather products group, where output declined by 4.5 points over the month. The paper and printing industry also showed a sizable drop—2.0 points. Partially offsetting these declines, however, were small production gains in the remaining soft goods industries.

In the durables sector, output was down only slightly. The most pronounced losses were in primary metals, stone-clay-glass, and motor vehicles. (Auto assemblies in January were off 7 percent to an annual rate of 8.3 million units.) The index of auto production was at 163 percent, compared with 175.1 percent in December and 141.3 percent a year earlier. The January 1967 automobile production figure reflected plant shutdowns because of unusually severe snowstorms during the month. Output of steel continued to follow the upward trend of recent months as users built inventories in anticipation of a possible early fall steel strike. January's output of 12 million tons compared with 11.7 million tons a month ago and 10.6 million tons a year earlier.

The mining index in January declined to a seasonally adjusted 122.4 percent, down 0.7 point from December. At the same time, the output of utilities was unchanged from the previous month, at 191.5 percent of the 1957–59 base.

**Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.*

New factory orders for durable goods fell in January after rising sharply to a record level in December. At a seasonally adjusted $25.1 billion, the volume of orders was 4.7 percent below December's $26.4 billion but was still the second highest volume since September 1966.

The decline affected virtually all industries, with primary metals showing the only gain—and this increase was nominal. New bookings for machinery fell $300 million, with the electrical segment reporting the bulk of this decline. Orders for transportation equipment were off also by $300 million, the aerospace industry being primarily responsible for the reduction. Defense Department bookings for new communication equipment, aircraft and parts, and ordnance equipment (which account for about 20 percent of all new durable goods orders) were unchanged at $4.9 billion.

Shipments of durable goods rose over the month by 4.1 percent to a seasonally adjusted $26.3 billion; in December they totaled $25.2 billion. Shipment of primary metals rose $200 million and machinery shipments were up by $100 million from the previous month. Higher shipments of lumber and wood products and of instruments also occurred, though shipments from other industries remained near their month-earlier levels.

With the volume of shipments advancing and new orders falling, the *backlog of orders for durable goods* was down 1.4 percent from December to $78.4 billion (seasonally adjusted). Except for steel, declines occurred in most industries.

Following a sharp decline in December, *housing starts* were up in January, rising by 16.3 percent to a seasonally adjusted annual rate of 1,445,000 units. This compares with December's rate of 1,243,000 units. Starts were 30 percent higher from a year earlier with gains posted in most months of 1967.

After a healthy December gain, *permits for future construction* fell in January by 212,000 (annual rate) to a 1,111,000-unit rate. However, this was still a high level and only slightly below the average rate posted in 1965 before the onset of the "tight money" market in 1966. The declines were widespread, with the North Central regional experiencing the major reduction. Permits for single-family homes in January slipped from 702,000 in December to an adjusted annual rate of 635,000. Units to house two to four families were authorized at a 72,000 annual rate, down from 88,000 in the previous month. Permits for apartment projects of five or more families fell to a 404,000 rate in January from 533,000 in December.

Personal income in January continued upward, but at an unexpectedly slowed pace. The increase ($1.9 billion) was less than one-third as large as the gain recorded in December. The January figure, at a seasonally adjusted rate of $651.2 billion, was some $40.8 billion above the year-earlier figure.

The January 1968 lower rate of gain was largely attributable to nonrecurring factors; December's figure was inflated by a $4.7 billion (annual rate) Federal Government pay boost, while January's figure was affected by a $1 billion rise in the social security taxes.

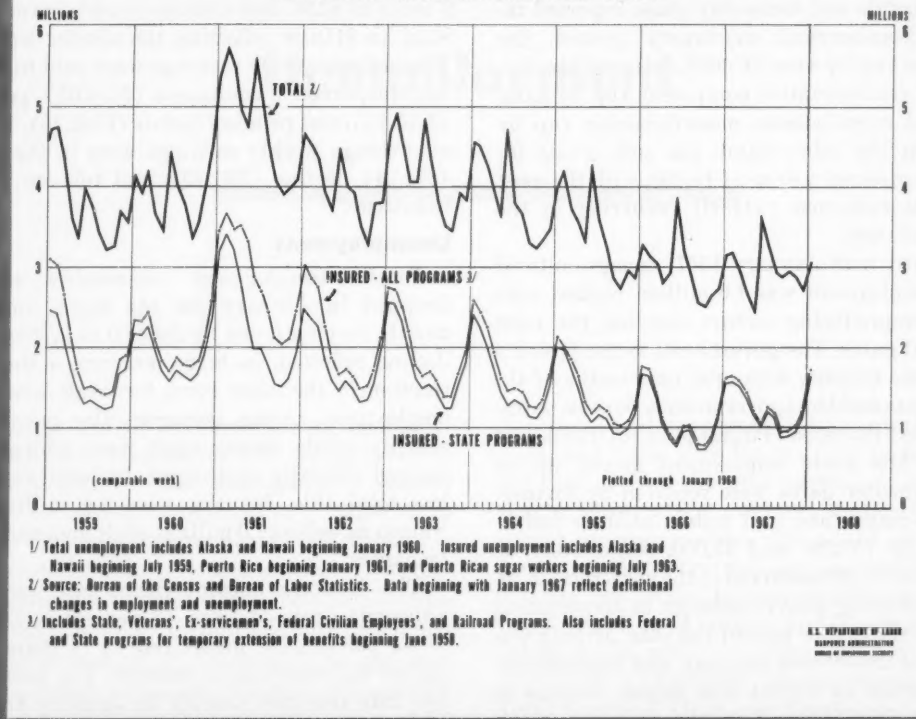
In the overall wage and salary category, income dropped by $400 million to a seasonally adjusted $442.7 billion rate; in December this category posted a $7.8 billion gain. Manufacturing payrolls, the only wage and salary component showing an increase, climbed by $900 million in January to a seasonally adjusted $140.1 billion annual rate. The advance was mainly in durable goods industries, primarily transportation equipment, machinery, electrical equipment, and fabricated metals.

Transfer payments, composed primarily of social security benefits and welfare payments, were up by $700 million from December to an annual rate of $53.8 billion. Farm income also rose slightly—moving up by $100 million.

January *sales in retail stores totaled* $27.2 billion (seasonally adjusted), compared with $26.4 billion in December. The record level of sales was nearly 6 percent higher than a year earlier.

Retail sales of durable goods, after adjustment for seasonal variations, rose by 4 percent to $8.6 billion, with much of the rise stemming from the automotive group. January sales of domestic automobiles totaled 630,900 units, compared with 615,300 in December and 625,000 in January 1967. Sales of nondurable goods were up by 3 percent with most of the major components contributing to the rise.

Over the year, retail sales showed a rise of $1.8 billion, with nondurables accounting for about two-thirds of the increase. Food sales were particularly strong, while in the durables group sales of automotive products were up strongly from the prior-year figure.


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
6
5
4
3
2
1
0
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through January 1968
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1/ Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959, Puerto Rico beginning January 1961, and Puerto Rican sugar workers beginning July 1963.
2/ Source: Bureau of the Census and Bureau of Labor Statistics. Data beginning with January 1967 reflect definitional changes in employment and unemployment.
3/ Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.

Employment

Total civilian employment dropped by nearly 2.1 million between December and January to 73.3 million. The post-holiday decline this year was sharper than is usual; as a result, the seasonally adjusted employment level moved down by 410,000 to 75.2 million. The reduction reflected chiefly a heavy employment falloff among adult women as many left the labor force. The employment decline among adult men was about seasonal, while a less than seasonal reduction occurred among teenagers. Both farm and nonfarm employment shared in the drop.

Compared with a year earlier, employment was up by 1.1 million with all of the gain among adult workers. Teenage employment edged down by 200,000.

The number of employees on *nonfarm payrolls* rose only slightly in January, moving up by 36,000 to a seasonally adjusted 67.1 million. The rise, the smallest since September, was tempered by unusually wintry weather conditions in many parts of the Nation. This resulted in a sharp drop in construction employment which fell by some 120,000 to 3.2 million. The decline, however, was offset by employment gains in State and local governments (49,000), the service industries (34,000), re-

tail trade (32,000), and manufacturing (43,000). The job increase in manufacturing raised the factory total to 19.5 million—almost equaling the year-earlier level. The rise was solely in the durable goods industries—up from December by 58,500. All segments of the hard goods industries, except primary metals and stone-clay-glass, reported increases. Nonelectrical machinery posted the largest rise (up by some 26,000), followed by electrical and transportation equipment (up by 8,000 each), and miscellaneous manufacturing (up by 7,000). On the other hand, the soft goods industries registered a drop of 15,000, with the most substantial reduction (14,000) occurring in the apparel industry.

Compared with January 1967, nonagricultural payroll employment was 1.6 million higher, with the service-producing sectors showing the most substantial gains. The government sector posted a rise of some 613,000, with over nine-tenths of the gain in State and local governments. Service industries showed the second largest gain, an increase of 517,000 while trade employment moved up by 375,000. Smaller gains were reported by finance-insurance-real estate, and public utilities industries, up by 157,000 and 45,000, respectively. A reduction of 76,000 occurred in the construction industry, reflecting heavy cutbacks in construction outlays in the earlier part of the year. Mining was off by some 28,000 over the year, and manufacturing was down by 23,000. The largest declines in manufacturing occurred in the primary metals (73,300), apparel (27,000), electrical equipment (26,500), and nonelectrical machinery industries (22,700). The largest increases were in the transportation equipment (47,000), ordnance (30,000), and chemicals (26,200) industries.

The *average factory workweek* declined in January by 0.3 hour to 40.5 hours (seasonally adjusted) as hours in the nondurable goods industries shortened and hours in the hard goods industries remained unchanged over the month. Overtime hours also declined, edging down by 0.1 hour to 3.4 hours (seasonally adjusted). *Average hourly earnings* of manufacturing workers moved up by 2 cents to $2.93, but *average weekly earnings* fell $1.52 to $118.08 reflecting the shorter workweek. The highest weekly earnings were paid to workers in transportation equipment ($156.02), petroleum ($153.91), and primary metals ($142.76). The lowest average weekly earnings were in the apparel ($72.24), leather ($81.49), and tobacco ($86.54) industries.

Unemployment

Total unemployment (seasonably adjusted) dropped in January for the third consecutive month, moving down by 140,000 to 2,756,000. The decline reflected, in large measure, a sharp contraction in the labor force for adult women; unemployment among teenagers also moved down sharply, while among adult men, joblessness remained virtually unchanged. Included in the jobless total this January were 1.0 million adult women as well as 1.0 million adult men and 718,000 teenagers.

The Nation's unemployment rate (seasonally adjusted) dropped from 3.7 percent in December to 3.5 percent, the lowest rate in 14 years; a year earlier the rate was 3.7 percent. The teenage jobless rate declined sharply in January from 12.8 to 11.3 percent, while the rate for adult women fell to 3.9 percent from 4.1 percent in December. The rate of adult males edged up, however, from 2.2 to 2.3 percent. The unemployment rate for nonwhites was 6.4 percent in January, compared with 6.9 percent in December; the rate for jobless whites, at 3.2 percent, was down one-tenth of 1 percent from December.

Insured Unemployment*

As usual during January insured unemployment showed a sharp increase as winter weather forced closings in construction and other outdoor activity. In addition, post-holiday cutbacks in trade, services, and apparel along with inventory-taking shutdowns in several sectors also contributed to increased volumes. The jobless volume rose substantially, moving up over the month by 364,500 to a weekly average of 1,623,900. The rise was somewhat greater than usual for January, some 29 percent, compared with the expected increase of 24 percent. All States but Hawaii and Puerto Rico showed increased unemployment with the largest numerical rise occurring among the more heavily industrialized States; however, the highest percentage rates were noted in the less industrialized areas of the Nation.

New York had the largest absolute increase (37,600) reflecting sharp cutbacks in New York City apparel firms and reductions (statewide) in construction and other outdoor activity. In addition, a post-holiday slowing in trade and services and scattered plant shutdowns for inventory taking also contributed to the rise. In California, where the over-the-month rise amounted to 22,500, increased joblessness among workers from construction, food processing, transportation equipment, and trade were the primary factors. About one-half of New Jersey's increase of 22,300 was among construction workers; higher joblessness among apparel workers also added to the total. A cutback in construction and post-holiday layoffs in trade contributed to rises of 22,000 in Pennsylvania, 20,200 in Michigan, and 20,000 in Illinois. Other States with unemployment increases over 10,000 were: Connecticut, Massachusetts, Missouri, North Carolina, Ohio, and Tennessee.

The reduction in Hawaii was less than 100, while Puerto Rico's drop of 2,900 resulted from a seasonal pickup in sugarcane activity.

Compared with a year earlier, 36 States had higher insured unemployment. Illinois showed the largest rise (11,400) with most of the increase among workers from construction and trade. In Connecticut, a 10,800 upswing reflected increased joblessness among construction, machinery, and apparel workers, while in Pennsylvania, where the volume was 8,700 higher, there was more unemployment among construction and machinery workers. In Tennessee, insured joblessness was up by 7,600, and Michigan and Indiana both showed rises of 6,800.

Among the States reporting reductions in insured unemployment, California had the largest decline (24,000) with virtually all the drop occurring among construction workers. New York showed a reduction of 15,700, reflecting a general pickup in the manufacturing sector. Insured un-

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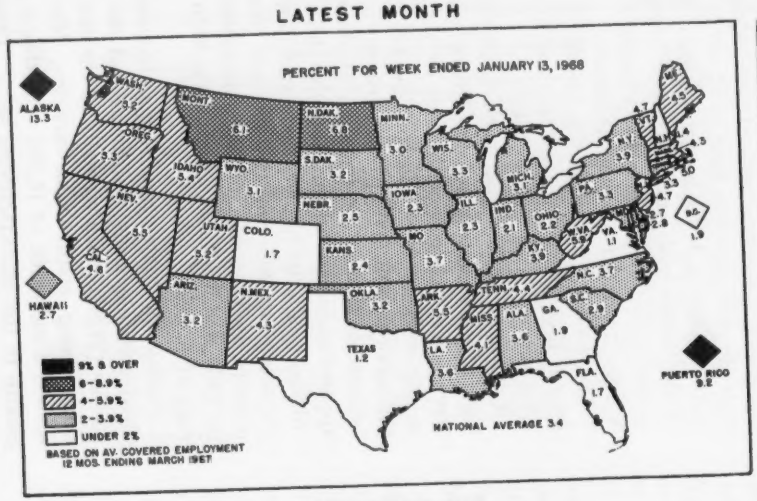
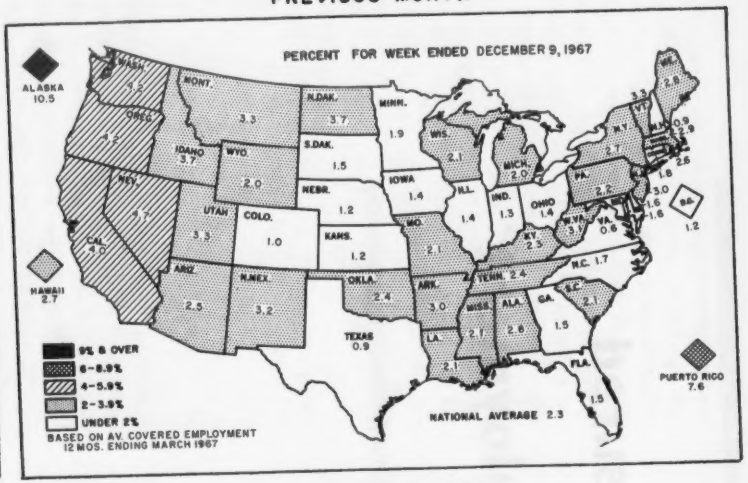
STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

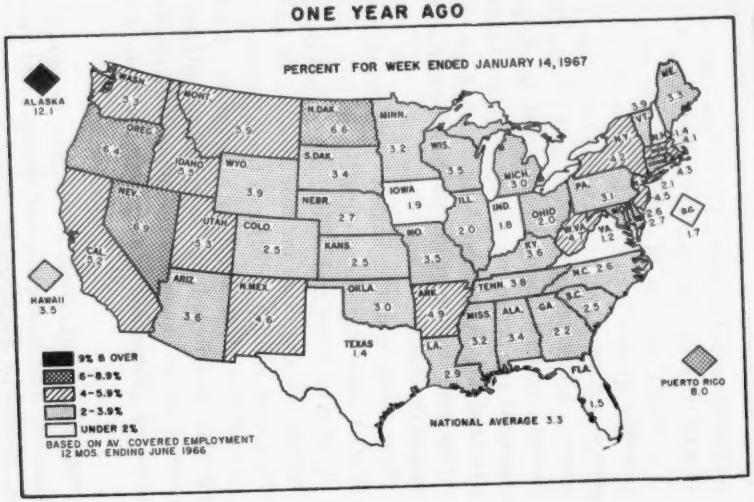
LATEST MONTH



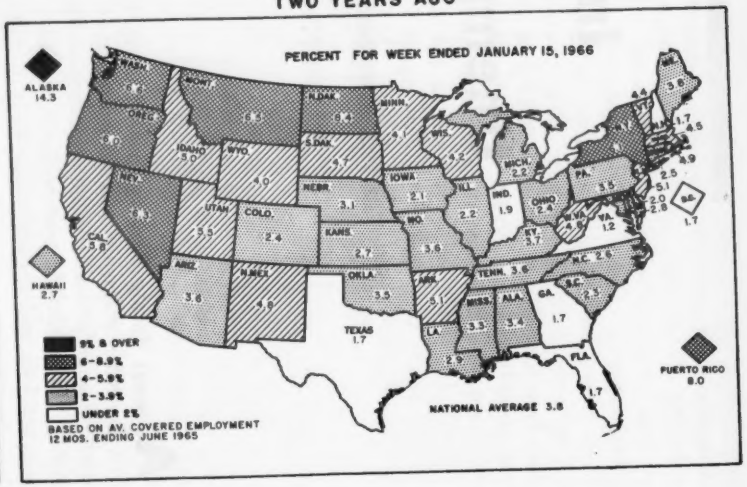
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



employment in Oregon was 4,700 lower than a year earlier, and Texas showed a decline of 3,000.

Joblessness Rate Rises Over The Month

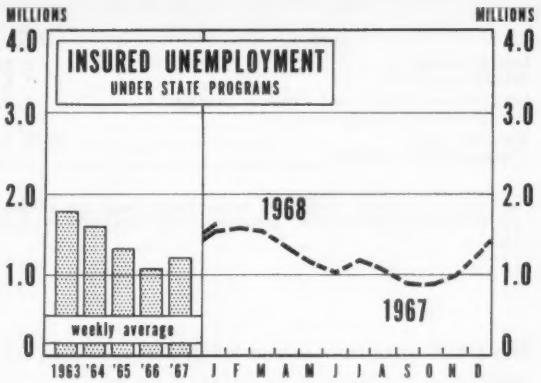
The rate of insured unemployment (not seasonally adjusted) measured 3.3 percent during January, up sharply from the 2.6-percent rate of December, but the same as the January 1967 rate. As usual for that time of year, Alaska reported the highest rate (13.6 percent), followed by Puerto Rico with 8.9 percent. The rate in North Dakota was 6.6 percent, in Montana 6.0 percent, and in Nevada 5.6 percent. Texas and Virginia showed the lowest, both with rates of 1.2 percent. In five other States (Colorado, District of Columbia, Florida, Georgia, and New Hampshire) the rates were under 2.0 percent.

Adjusted Volume Edges Higher

On a seasonally adjusted basis insured unemployment between December and January moved slightly higher, rising to 1,152,300 per week from the 1,104,600 figure of December. The rate remained unchanged at 2.3 percent. A year ago, the adjusted rate was 2.3 percent and the volume was 1,105,500.

Sharp Rise in Initial Claims

As usual during the first month of the new year, initial claims rose sharply, moving up to 315,800 per week during January from the 278,100 weekly amount of the previous month. The rise was greater than seasonal, reflecting in large part heavy



filings by workers of a major auto producer idled because of scattered labor disputes.

Insured Joblessness Higher Under Federal Programs

Insured unemployment under both the UCX program (covering ex-servicemen) and the UCFE program (covering Federal employees) showed December–January increases. Under the UCFE program, the volume moved up to 27,700 per week from the 23,100 average of the previous month. Much of the rise reflected reduced activity in outdoor work and cutbacks of Post Office workers following the peak Christmas mailing season.

Insured joblessness under the UCX program rose to a weekly average of 40,000 during January. This was the highest weekly average in this program since April of 1965 and reflects the higher numbers of ex-servicemen returning after service in Vietnam. A year ago, insured joblessness under

Week ended—	Initial claims [1]		Insured unemployment [1]	
	1967	1966	1967	1966
December 2	228,100	243,600	1,088,600	1,037,900
December 9	258,100	302,600	1,126,500	1,128,800
December 16	241,700	254,700	1,200,700	1,205,300
December 23	[2] 289,900	289,000	1,259,800	1,268,500
December 30	332,700	373,800	[2] 1,484,500	1,498,000
	1968	1967	1968	1967
January 6	357,900	346,400	1,617,900	1,594,300
January 13	373,300	334,200	1,647,300	1,563,200
January 20	293,500	277,700	1,648,800	1,551,300
January 27	242,600	252,800	1,602,200	1,532,000
February 3	308,700	274,400	1,590,700	1,534,000
Weekly averages				
December	[2] 278,100	299,400	1,259,400	1,253,600
January	315,800	300,200	1,623,900	1,558,000

[1] Refers to State programs.
[2] Revised figures.

Activity [1]	Number or amount January 1968	Percent change from—		Cumulative (in thousands) first month	
		December 1967	January 1967	1968	1967
Initial claims [2]	1,460,300	+27.1	+8.5	1,460	1,346
Weeks claimed [2]	7,415,700	+53.7	+7.8	7,416	6,879
Insured unemployment (weekly average) [2]	1,623,900	+28.9	+4.2	1,624	1,558
Beneficiaries (weekly average)	1,316,900	+39.9	+3.2	1,317	1,276
Benefits paid [3]	$248,481,400	+56.1	+10.5	$248,481	$224,787
Claimant exhaustions	84,100	+25.4	+26.4	84	67

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly data represent gross amount; cumulative data represent net amounts.

the UCX program measured 24,500 per week; 2 years ago, the figure was 32,000 per week.

Benefits

Some $248.5 million in benefits was disbursed under State programs of unemployment insurance during January—some $89.3 million more than the December figure and $23.7 million above a year earlier. Under the UCFE program, benefits totaled $4.8 million, compared with $3.6 million in December, while under the UCX program, the benefit total in January was $6.9 million, up by $2.3 million from the previous month.

The average benefit check under State programs for totally unemployed workers was an estimated $42.59, up from December by 74 cents and by 86 cents from January 1967. Connecticut paid out the largest average weekly check ($51.86), followed by California ($51.01), Wisconsin ($49.55), Michigan ($49.48), and Colorado ($49.25). The lowest average weekly benefit payments were Puerto Rico ($22.63), Mississippi ($27.17), and North Carolina ($29.27).

Exhaustions

During January an estimated 84,100 persons exhausted their benefit rights under State programs—17,000 above the previous month and 17,600 more than the year-earlier number. Exhaustions this January accounted for more than 6 percent of the 1.3 million claimants who ceased filing for benefits. The remainder, presumably, had returned to work or had left the labor force.

Selected Unemployment Insurance Statistics, State Programs, January 1968

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending Jan. 1968 (in thousands)		Funds available Jan. 1968 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total	8/1460326	8/7415665	8/1683920	1316937	$42.59	84131	$248481434	$211634.3	$306703.3	$1061685.4
Alabama	21335	109473	23567	17542	33.17	1617	2609164	2233	2992.1	11247.5
Alaska	3049	25471	5849	5180	46.91	856	1173161	2/7485	1163.1	10/2038.6
Arizona	9788	46976	10209	7474	38.72	675	1310977	1295.9	2043.2	7994.5
Arkansas	16220	86195	18856	12789	32.65	860	1864123	1502.5	1551.4	4337.1
California	195274	1027723	223319	200385	51.01	15117	45919552	4561.94	5746.84	8980.39
Colorado	7959	34919	7554	4426	49.25	322	966787	99.68	105.87	715.45
Connecticut	27094	131821	29764	27012	51.86	1424	6256262	639.52	626.19	2690.16
Delaware	6314	19211	4363	4399	43.83	266	865703	73.66	60.28	241.98
Dist. of Col.	5314	26301	6037	4403	46.26	238	931380	77.21	108.61	715.28
Florida	19893	99572	21491	11353	32.21	1453	1636340	209.22	374.85	2221.01
Georgia	19492	89930	19095	13083	35.88	1695	1990590	204.08	445.49	2504.98
Hawaii	3239	26191	5379	4839	48.11	316	1001476	104.15	119.12	284.86
Idaho	4965	37108	7713	5578	45.10	294	1110381	76.91	99.44	381.91
Illinois	56068	314316	69085	57273	46.01	3847	17783286	930.67	694.48	5502.47
Indiana	35252	134630	29418	24173	39.08	2219	4074052	335.83	609.96	2525.93
Iowa	9474	57380	12235	9447	46.47	835	1938230	127.08	153.22	1263.41
Kansas	8520	42593	9364	6855	43.22	456	1389670	110.16	188.11	826.54
Kentucky	20257	104107	23320	14894	38.10	869	2538706	209.30	320.82	1491.21
Louisiana	22138	106360	23750	18905	37.53	1560	3164545	295.23	361.99	1571.20
Maine	7933	43037	9206	7053	36.81	484	1124259	79.14	103.37	420.82
Maryland	24705	97719	24016	20885	41.03	683	3794557	270.35	417.78	2205.84/
Massachusetts	47566	318716	69417	59525	45.90	3364	11906206	948.66	1323.98	3232.25
Michigan	63762	310915	72288	55818	49.48	3664	12495922	1269.90	1539.57	10/5841.86
Minnesota	18102	113709	27493	20035	43.14	1670	3932803	254.32	464.96	717.20
Mississippi	12805	60926	13321	9292	27.17	562	1138661	84.01	134.36	790.05
Missouri	42526	181255	39366	27418	40.14	1571	4718409	354.50	348.14	2664.02
Montana	5555	31875	7188	5440	32.26	329	808737	56.57	65.09	214.86
Nebraska	6303	26475	6859	4775	38.38	334	827976	61.43	98.09	488.26
Nevada	5622	30877	7205	6298	43.66	424	1233457	113.21	115.86	286.24
New Hampshire	2896	11769	2484	1788	41.38	18	314978	28.74	72.62	414.47
New Jersey	73597	371805	83583	76109	43.66	5228	14748710	1205.73	1601.12	4102.02
New Mexico	5415	35727	7727	6678	34.56	263	1043974	72.30	78.15	380.58
New York	176060	946688	203575	188892	44.46	7465	36490287	3093.37	3954.10	15362.04
North Carolina	55530	269507	58995	48242	29.27	1323	3592184	290.31	589.24	3082.44
North Dakota	4108	22827	5140	3877	42.46	166	759098	43.58	50.80	77.90
Ohio	61707	268728	60298	42027	42.13	1788	7957248	719.81	1446.64	5844.48
Oklahoma	10223	61747	13799	9402	30.82	887	1310845	114.82	129.98	576.79
Oregon	22294	122869	26463	22026	40.02	1016	3983797	301.83	379.43	1195.95
Pennsylvania	108476	480980	104244	83566	38.14	2933	13574004	1113.77	1303.51	7211.84
Puerto Rico	8/19604	8/171312	8/32404	17650	22.63	5715	1856512	9/19056	2665.6	708.03
Rhode Island	12208	57400	12343	10864	43.34	691	2080984	1444.4	2257.3	724.64
South Carolina	16700	72840	16073	11341	33.22	1219	1689742	167.98	275.30	1238.12
South Dakota	1830	12655	2710	1369	35.04	72	210422	19.83	27.57	173.22
Tennessee	36810	183100	39963	26873	33.41	1918	3994130	307.46	479.24	1592.27
Texas	27246	127477	27118	19398	34.57	2087	2973260	273.95	603.36	3231.86
Utah	6752	50209	10957	7830	42.21	521	1494876	107.43	124.10	424.96
Vermont	3487	18704	4358	3642	42.02	116	672205	43.45	90.06	196.51
Virginia	15296	41126	11122	7362	34.61	487	1140738	98.88	235.12	1829.61
Washington	29249	183490	39859	36137	33.90	1159	5572918	389.48	717.59	2828.98
West Virginia	16649	86310	19382	14770	30.84	578	2012032	128.99	208.80	806.88
Wisconsin	26979	172195	34893	28975	49.55	1008	6333735	430.22	639.79	2683.61
Wyoming	1604	10005	2100	1571	42.13	49	295379	21.79	39.06	142.01

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $130,038 in payments under extended duration provisions of State laws in two States: Alaska $67,349 and Puerto Rico $62,689
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

Selected Unemployment Insurance Statistics, Federal Programs,[1] January 1968

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	16740	124375	24414	$4754787	$42.16	31387	181815	35604	$6884531	$42.03
Alabama	507	4571	790	135047	37.15	576	4414	832	144972	37.87
Alaska	254	2446	588	144151	45.72	81	624	142	30789	46.01
Arizona	379	1906	334	62061	40.38	381	2479	481	89855	40.64
Arkansas	256	1495	193	32365	36.41	271	2245	428	75305	38.26
California	1968	20081	3914	922541	51.24	5683	32567	6393	1412378	48.03
Colorado	361	1346	194	44269	49.63	421	1920	308	68016	48.00
Connecticut	54	542	108	23596	47.29	271	1542	316	62176	42.53
Delaware	34	353	49	10088	45.04	100	338	76	14357	41.14
Dist. of Col.	343	3040	819	185454	49.21	108	590	123	25768	45.37
Florida	221	1694	196	31741	35.27	571	2472	436	75219	37.50
Georgia	278	2573	513	95709	40.54	449	2454	467	90995	42.34
Hawaii	142	1345	358	83924	50.95	165	1406	313	75917	52.79
Idaho	199	2233	412	88977	47.00	166	1089	203	39849	42.66
Illinois	556	3710	707	131202	40.36	1124	4780	895	165547	40.21
Indiana	120	663	121	18777	33.65	639	2663	502	88864	38.50
Iowa	43	317	56	11583	45.07	270	1609	328	70322	46.63
Kansas	116	774	146	28171	41.98	251	1148	282	45330	44.35
Kentucky	502	3088	552	97909	38.59	640	4815	913	177368	42.21
Louisiana	141	1780	264	45746	37.65	357	3142	610	114960	40.94
Maine	33	371	85	12727	32.72	139	866	191	36725	41.83
Maryland	263	986	203	41653	44.64	486	1832	406	80028	42.82
Massachusetts	353	3345	831	180232	47.16	486	3069	720	146041	44.09
Michigan	356	2483	517	102634	43.16	1142	5907	1153	229787	43.33
Minnesota	165	1037	257	49532	41.87	539	3502	939	178058	41.22
Mississippi	279	1523	333	42739	27.86	189	705	142	19415	29.64
Missouri	424	2582	574	96983	36.72	787	3700	800	151082	41.03
Montana	360	1771	332	51207	33.49	201	1379	273	42015	33.50
Nebraska	69	538	122	20460	36.60	121	513	112	21259	41.12
Nevada	113	691	122	24702	44.03	168	830	159	31619	43.20
New Hampshire	20	77	13	2641	44.02	83	220	45	10075	49.15
New Jersey	404	2778	483	99539	44.76	970	6032	1165	235647	43.98
New Mexico	315	1879	384	65051	36.86	266	1884	382	66704	38.01
New York	1059	7345	1319	255740	42.15	2185	10225	1952	363962	40.53
North Carolina	339	1886	349	48982	30.52	543	2537	471	85594	39.50
North Dakota	78	603	113	19485	37.62	180	1604	296	54706	40.17
Ohio	809	2096	538	97903	39.57	1447	6983	1081	202762	40.76
Oklahoma	172	2175	409	61790	32.83	190	2087	377	61775	35.67
Oregon	470	2392	460	80749	38.16	517	3355	688	142024	44.84
Pennsylvania	1035	7226	1356	244523	39.20	2497	14920	3045	571296	40.79
Puerto Rico	60	401	78	9527	26.39	508	4904	954	131283	29.91
Rhode Island	54	648	145	31585	47.50	157	996	203	41856	44.72
South Carolina	161	906	175	29948	37.20	326	1680	335	62543	40.64
South Dakota	107	752	120	19643	35.71	109	796	131	22240	36.88
Tennessee	812	5151	993	176147	38.57	734	5830	1226	218202	38.68
Texas	535	3804	785	134801	37.32	1022	5146	1046	194974	40.51
Utah	603	3823	697	147617	46.07	263	2308	397	78567	43.00
Vermont	10	109	23	4305	41.39	48	292	63	11908	40.92
Virginia	361	1169	198	33974	37.25	324	1157	205	36245	38.48
Virgin Islands	0	4	1	228	57.00	0	9	3	594	45.69
Washington	599	6233	1370	229763	36.45	1072	4975	998	181394	39.50
West Virginia	116	521	86	10263	25.85	591	4188	810	138684	37.24
Wisconsin	279	2615	508	111338	47.64	497	4070	770	153266	43.28
Wyoming	53	498	121	23005	41.23	76	417	74	14214	41.56

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955, and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	October 1967	September 1967	October 1967	September 1967	October 1967	September 1967	October 1966	September 1966
California								
State plan								
Basic benefits	52,477	47,936	314,190	289,142	$17,963,864	$16,416,594	$15,428,301	$15,595,262
Additional hospital benefits	1/31,752	1/27,186	2/229,331	2/196,338	2,751,972	2,356,056	2,424,396	2,335,668
Private plan	3,699	2,941	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
New Jersey								
State plan	9,548	7,958	65,691	61,308	2,644,976	2,456,511	2,238,693	2,360,691
Private plan	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
New York	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
Rhode Island	3,101	2,949	29,395	29,797	1,117,907	1,120,139	961,484	1,100,947
Railroad								
Sickness	8,281	7,659	4/98,838	5/94,038	3,526,815	3,222,529	3,751,687	3,729,141
Maternity	110	124	4/ 2,082	5/ 2,138	145,416	148,821	146,861	150,189

1/ Represents the number of payments made.
2/ Days for which additional hospital benefits were paid.
3/ Data not available.
4/ Estimated from data "benefit periods" compensated which number 49,419 for sickness and 1,041 for maternity.
5/ Estimated from data "benefit periods" compensated which number 47,019 for sickness and 1,069 for maternity.

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	November 1967	October 1967	November 1967	October 1967	November 1967	October 1967	November 1966	October 1966
California								
State plan								
Basic benefits	51,666	52,477	307,815	314,190	$17,594,181	$17,963,864	$16,215,697	$15,428,301
Additional hospital benefits	1/30,491	1/31,752	2/220,682	2/229,331	2,648,184	2,751,972	2,387,328	2,424,396
Private plan	3,726	3,699	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
New Jersey								
State plan	8,435	9,548	60,034	65,691	2,421,070	2,644,976	2,199,877	2,238,693
Private plan	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
New York	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
Rhode Island	2,878	3,101	29,422	29,395	1,117,963	1,117,907	969,415	961,484
Railroad								
Sickness	8,007	8,281	4/93,390	5/98,838	3,223,359	3,526,815	3,668,274	3,751,687
Maternity	115	110	4/1,860	5/2,082	130,477	145,416	144,286	146,861

1/ Represents the number of payments made.
2/ Days for which additional hospital benefits were paid.
3/ Data not available.
4/ Estimated from data "benefit periods" compensated which number 46,695 for sickness and 930 for maternity.
5/ Estimated from data "benefit periods" compensated which number 49,419 for sickness and 1,041 for maternity.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C. 20210.

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